

Friday March 13 1998

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Buenos Aires 0.50	Los Angeles 0.50	Moscow 0.50
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Chennai 0.50	Manila 0.50	Nairobi 0.50
Cairo 0.50	Medan 0.50	Rangoon 0.50
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Ian Aitken

Why we need a new Nye Bevan

This section, page 12

Benefits crisis exposed

David Brindle, Social
Services Correspondent

MINISTERS were last night battling to avert a renewed crisis over disability benefits after expert advisers tabled proposals that could disqualify an estimated two in three of the 1.8 million people who currently receive disability living allowance.

The government advisers have examined almost 1,000 cases in which the benefit, worth up to £84.10 a week, is being paid and have concluded that the decision to award the money is "in conflict with the facts" in as many as 63 per cent of them.

Concluding that administration of the benefit is "seriously flawed", the advisers are calling for its root-and-branch reform. They say it should be restricted to "the most severely disabled". The advisers say they are "aware that the public purse is unable to satisfy all the mobility and care needs of all people with disabilities and that the Government is faced with a major challenge in determining priorities and in making difficult choices".

Disability groups calculated that the advisers' proposals would mean that 86 per cent of people now receiving the benefit would not be entitled to it.

Ian Bruce, chief executive of the Royal National Institute for the Blind and co-chair of the Disability Benefits Consortium, which produced the estimate, warned: "If this is acted upon, hundreds of thou-



sands of genuinely disabled people will be harmed."

The proposals, by the disability living allowance (DLA) advisory board, emerged as a survey by Department of Social Security researchers put the number of disabled adults in Britain at 8.6 million — almost 3 million more than estimated by research in the late 1980s.

Ministers were already alarmed at the growth of the bill for sickness and disability benefits, now standing at £24 billion, and at the £4.4 billion cost of DLA alone. Going by the new estimate of the extent of disability, up to 70 per cent of people entitled to DLA are not claiming it — doubling the potential bill under present rules.

Even as the expert's proposals were yesterday released, leaders of disability groups were meeting Harriet Harman, the Social Security Secretary, to voice fears about the Government's disability benefits review.

The meeting was described by both sides as "useful, lively and constructive". With the groups believing that the Government would shortly announce further concessions on the benefit integrity project — the controversial exercise by which more than 400,000 DLA recipients are having entitlement verified.

However, the disability delegation had no time to read the experts' findings or the disability survey before the meeting.

The experts say that of 888 claim approvals analysed, medical evidence of disability was misinterpreted in 45 per cent. No such evidence was available in a further 16 per cent.

The 63 per cent found to be "in conflict with the facts" included both wrong decisions and those lacking necessary information — factors possibly reflecting the chaotic introduction of DLA in 1992.

The huge increase in the estimated number of disabled adults, meanwhile, is attributed to factors including the ageing population and growing consciousness of disability. But the researchers say the rise is "too large to be explained by a real increase in the prevalence of disability".

Baroness Hollis, junior social security minister responsible for disability benefits, said the survey provided important insights and would need to be considered carefully "in the context of welfare reform".

Emphasising the Government's recent assurances that welfare reform would not be "cuts-driven", the minister added: "The Government is committed to supporting disabled people in a way which promotes their independence."

Release hopes grow



Hope rose yesterday for the release of Mordechai Vanunu, seen here in 1986 on his last appearance in public, as he left solitary confinement after 12 years. He was jailed for blowing the whistle on Israel's nuclear weapons programme

Vanunu: 12-year isolation is over

Julian Borger
Middle East Correspondent

MORDECHAI Vanunu, the former technician who blew the whistle on Israel's nuclear programme, walked out of solitary confinement yesterday and mingled with fellow prisoners for the first time in 12 years after Israel's justice ministry ruled that he was in danger of losing his mind.

Following the announcement, a senior parliamentarian said that he would formally ask the prime minister, Benjamin Netanyahu, for his release.

Vanunu is serving an 18-year prison sentence for revealing details of the covert programme. Based on the information he provided, nuclear experts concluded that Israel has the world's sixth-largest arsenal of nuclear weapons.

Vanunu's years in solitary confinement, the longest such punishment in recent Western history, caused widespread international outrage and a worldwide campaign for his freedom.

Israel's most famous prisoner, now aged 43, had rejected government offers to end his solitary confinement in exchange for a promise not to speak publicly about his knowledge and the circumstances of his arrest. Vanunu demands to share cells with Palestinian prisoners were rejected.

Yossi Katz, the chairman of the Israeli parliament's public audit committee, which has responsibility for some intelligence issues, said Mr Netanyahu was due to meet the committee on Monday and that he would use the occasion to request Vanunu's freedom.

The security services have argued that Vanunu must be kept isolated so he cannot pass on more information.

Israel offers hope, page 8

Now the Big Bang theory that could end it all

Tim Radford
Science Editor

INTERNATIONAL astronomers yesterday put the world on notice: there is a very small but still measurable chance of a cosmic collision which could end in awesome destruction. The good news is that humans have 30 years to think about it. The even better news is that a mile-wide asteroid called 1997 XF11 could miss the planet by about 28,000 miles.

"It will come extremely close," said Brian Marsden, a Harvard scientist, speaking for the International Astronomical Union. "The chances of impact are very small, but not impossible. We've not had a case like this before."

There have been a number of technical near-misses in recent years, but to an astronomer, a near-miss is counted in hundreds of thousands of miles. Ever since scientists confirmed that a violent cosmic collision 65 million years ago may have ended the era of the dinosaurs, US, British, Australian and European astronomers have been taking a close interest in what they call "near-Earth objects" —

Greatest hits

The Asteroid 1997 XF11 will pass within 28,000 miles of Earth on March 16. It is the closest of the 10,000 near-Earth objects that are being tracked by astronomers.

In June 1996 there was a 20 metre wide asteroid that passed over the Tunguska region of Siberia, flattening vast areas of forest. Astronomers now blame a large meteor.

Scientists say that the asteroid 1997 XF11 is the closest of the 10,000 near-Earth objects that are being tracked by astronomers.

Lumps of rock the size of a small mountain with orbits which cross the path of the Earth.

The Moon and Mars are pitted with craters made by meteor, asteroid and comet collisions. Geologists now believe they have often slammed into the Earth at colossal speeds over geologic time.

have since calculated that a collision of a 10-mile wide object at perhaps 40 miles a second would ignite the air, flash the sea to steam, set up unimaginable tidal waves, vapourise a huge area of land and send great lumps of incandescent rock hurtling into space, to re-enter the atmosphere at colossal speed to create more destruction.

The Cretaceous event is believed to have wiped out 75 per cent of all living things, including the dinosaurs, and set evolution on a new path. Last night US scientists announced that they had found two extra craters made by the shrapnel from the original Yucatan impact.

The British science minister John Birt has already been challenged by a group called Spaceguard UK, which wants the Government to fund a formal sky surveillance system to guard against any future impact.

In theory — and a number of astronomical groups have worked on the problem — it would be possible to detect an approaching asteroid, with sufficient warning.

A NASA spacecraft is already on the way to a "rendezvous" with a satellite turn to page 3, column 6

Is it a bird? Is it a plane? No, it's Super-preacher

Emily Sheffield

MEGAPHONE diplomacy is a widely practised — if derided — weapon of persuasion. Megaphone preaching is rarer — especially when performed at head height while travelling at 20 mph.

The Civil Aviation Authority was not impressed by John Holme, the elevated evangelist of Salisbury. Nor was Margaret Blue who feared for her bird table.

No-one questioned the good intentions of the 38-year-old computer software sales manager and Pentecostal Baptist lay preacher. "I wanted to try to get through to kids in council estates and I needed something with some cred," he said yesterday. "I thought maybe if they heard this voice booming out from the sky they would think it was God."

Sadly, the good Lord was not on his side the day Mr Holme took off from Old Sarum airfield with an £8,000 paramotor — a foot-launched, motor-powered paraglider — strapped to his back.

His maiden voyage went disastrously wrong when a gust of wind sent him flying off course straight through a



John Holme tries to get to grips with his paramotor

housing estate, where he narrowly missed trees, fences, chimneys and electric wires. People on the Salisbury Castle Hill estate watched in horror as the preacher flew through their gardens six feet above the ground. Mr Holme eventually regained control, landed a couple of times and circled in a field.

He also landed in court, charged by the aviation authority with flying too close to a populated area and straying into airspace over the air-

field. He was fined £1,050 and ordered to pay £250 costs.

Richard Griffiths, prosecuting counsel, told Salisbury magistrates: "He set off and seemed to be gaining height, but only at the same rate as the houses were climbing the hill. This caused him instantaneous fear."

Margaret and Alan Blue were at home when Mr Holme flew through their garden. "Mrs Blue said he was so low that she had serious fears that he was going to collide with her bird table as he flew between the house and her chestnut tree," said Mr Griffiths. "She saw the pilot's face was frozen in fear."

Mr Holme, the first person to be prosecuted for such an offence, said: "I went to my company and asked if they would sponsor me. They said I had to achieve a sales target of almost £500,000."

"I prayed for it to happen and I made it — the company had no choice but to buy me the paramotor. I can't believe I've got a criminal record after this."

He added: "You must bring the word of God to the people by moving with the times." He is now considering using a double-decker bus or a hot-air balloon as a pulpit.

2 ACADEMY AWARDS

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HOFFMAN HASN'T BEEN THIS HILARIOUS SINCE 'TOOTSE'

Wag the dog

A comedy about truth, justice and other special effects.

NOW SHOWING AT CINEMAS NATIONWIDE

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Britain

The sinking of the bulk carrier the Derbyshire in 1980 is to be re-opened after examination of the wreckage

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A high-level US delegation visits Cuba for talks on America's economic embargo but a joint conference on the issue was ruled out

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Britain is to receive £160 million from Brussels to set up a University for Industry and help upgrade the skills of workers

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A stand of 76 by Mark Ramprakash and Jack Russell lifted England from 23 for 3 in the Barbados Test

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Deal on Ulster 'close'

John Mullin, Martin Kettle and Ewen MacAskill

TONY Blair yesterday claimed that a Northern Ireland settlement was "agonisingly close".

Sinn Féin signalled it would be returning to the multi-party negotiations after weeks of prevarication.

He was "stubbornly optimistic" a political deal could be agreed as scheduled by Easter, with referendums in Northern Ireland and the Republic at the end of May.

But within hours Ulster Unionists were demanding that Sinn Féin be excluded permanently after the RUC linked the IRA with the murder of a Catholic man in Co Armagh last month. Kevin Conway, 33, a petty criminal, was found with gunshot wounds to the head in a deserted farmhouse in the village of Agahalee.

The Government appears likely to resist such moves. It underlined the depth of its determination to keep Sinn Féin on board when it invited Gerry Adams to be the first British ambassador to Washington. Sir Christopher Meyer, a former press secretary to John Major. It is inconceivable that he would have been asked without Downing Street's approval.

Mr Adams said he had been invited to be the first Irish republican leader to set foot in a building whose previous occupants have laboured to prevent him from being admitted to the US.

Mr Blair also yesterday appeared to signal a switch in the Government's approach to the Mitchell principles, the ground rules which bind talks participants and the paramilitaries linked to them to peaceful methods. Although there was evidence of IRA involvement in the Conway murder,

there was nothing to suggest it was authorised by the terror organisation's leadership, he said.

Mr Blair and Mr Adams met for an hour in Downing Street yesterday, a summit which Sinn Féin had demanded as a pre-condition for returning to Stormont following its suspension of six working days after the IRA was linked to two earlier killings in Belfast. Mr Adams called the meeting "helpful and positive".

Mr Blair said: "We are agonisingly close to agreeing the framework or outline of a settlement. We've obviously got to get the detail right too. I'm still optimistic, maybe stubbornly optimistic, but I'm optimistic that we can get to that deadline, provided there's the goodwill there for people to negotiate."

The Government is braced for a wave of killings over the next few months by groups trying to prevent a settlement.

Ulster Unionists believe the Government is misleading Northern Ireland voters. Jeffrey Donaldson, Ulster Unionist MP for Lagan Valley, said the prospect of a settlement was slipping away.

The Ulster Unionists are expected to press on March 23 for Sinn Féin's permanent exclusion. They recalled that Sir Mervyn Dymally, Northern Ireland Secretary, in expelling Sinn Féin last month, said any more IRA violence would disqualify the party for good.

Mr Adams had emerged in a positive mood from the Blair summit, saying he had heard enough to persuade him to return as soon as possible but he had to discuss it with his colleagues first. He said: "It was helpful and positive. We just want time to reflect."

Later, Mr Blair held two conversations with the Taoiseach, Bertie Ahern, during a European summit in London. Mr Ahern pushed for the talks to be moved from Castle Buildings to intensify the negotiations, stressing that time was running out.

Picking over the bones of madness

Review

Lyn Gardner

Tell Me

Donmar Warehouse

WHERE would the theatre be without the dysfunctional family? Even the ancient Greeks knew that blood ties and blood spilled were sure-fire box office. Matthew Dunster's play treads familiar, but extreme, territory. His northern family, failing to cope with their mentally and physically handicapped teenage son, are beyond the aid of the social services. They don't need help, they need an ejection seat.

While semi-comatose Liam sits slumped unseeing in front of the TV, mum is quietly losing her grip on reality with an overdose of re-runs of the Pink Panther.

Dad takes refuge in sexual jokes full of pain and hate, and second son Nial is having a schizophrenic breakdown, spouting the Book of Revelation and receiving messages via TV satellite dishes tuned into the same frequency as his teeth. In this atmosphere it is not long before the bread knife appears.

There are times when the play, which is a mix of the

eerily compulsive and the utterly unwatchable, seems like *A Day in the Death of Joe Egg* for the 1990s: a hard, bitter laugh at the terrible jokes that life plays upon us.

Yet played out on Simon Banham's minimalist set, Dunster's drama fails to grip entirely, because it deals only with the very edge and never considers the centre.

What Dunster seems to have missed is the fact that it is the journey into madness, not psychosis itself, that makes compulsive drama. Dunster's family have long ago hurled themselves over the emotional cliff-face. He is merely picking at the bleached bones.

Script and Richard Gregory's production play around with time, structure and perspective to interesting but sometimes confusing effect. But the sense of how patterns of behaviour and family history repeat themselves is neatly made.

Gregory's cast get full marks for resilience; the audience deserve a rosette for tolerance. In the corner of the stage, a lone goldfish swims round and round in a spotlight, quite obviously the happiest and best adjusted member of the family. I fear for its sanity, unless someone takes it into care immediately.

This review appeared in some editions yesterday.



Heads of state representing member states and those on the EU waiting list gathered round the table at Lancaster House yesterday to discuss enlargement. PHOTOGRAPH: MARTIN ARGLES

Old feuds overshadow Blair's new Europe

Cyprus issue takes shine off enlargement conference

Martin Walker and Ian Black

EUROPE'S grand expansion plan, hailed by Tony Blair yesterday as "the reconciliation of a continent too long divided", fell hostage yesterday to age-old Greek-Turkish rivalry over Cyprus.

Greek threats to block the accession of five eastern European countries unless Cyprus was part of the package, the crisis in Kosovo, and a Turkish boycott combined to overshadow the carefully-staged grandeur of the London enlargement conference.

Heads of government representing 15 current members, 11 hopefuls and a Europe stretching to the Russian border met in the gilded splendour of Lancaster House and lunched with the Queen. But talks on co-operation on crime, drugs and the environment were sidelined by ancient ethnic hostility.

No-one pretends there are no conflicts, but it is a lot easier to see a future of peace and stability with the EU

than if the institution did not exist," Mr Blair said. "We are here to create a Europe that is stable, secure, peaceful and prosperous. It is an immensely ambitious project we are embarked on, but the EU was not created by the absence of ambition or the poverty of imagination."

Yet that imagination contrasted starkly with the reality of Cyprus. The EU is committed to including the island in the first wave of enlargement, but its Greek and Turkish communities cannot agree to negotiate together on the terms of entry.

Chirac said what everyone knew: "It is hard to see how the EU can proceed to absorb a member state that is divided"

President Jacques Chirac of France stated what everyone else knew: "It is hard to see how the EU can proceed to absorb a member state that is divided."

And Britain's efforts to broker a deal hit trouble when the Cypriot foreign minister, Ioannis Kassoulides, complained about pressure from Mr Blair and the Foreign Secretary, Robin Cook, for Nicola to drop plans to buy anti-aircraft missiles from Russia.

Britain was last night trying to broker a compromise

for today's meeting of EU foreign ministers in Edinburgh. "We are here to create a Europe that is stable, secure, peaceful and prosperous. It is an immensely ambitious project we are embarked on, but the EU was not created by the absence of ambition or the poverty of imagination."

Yet that imagination contrasted starkly with the reality of Cyprus. The EU is committed to including the island in the first wave of enlargement, but its Greek and Turkish communities cannot agree to negotiate together on the terms of entry.

"We hope that this offer gets a good reception," Mr Blair said. "And I hope that Turkey understands the door remains open to them. We

want them very much to be part of the people of Europe."

President Chirac also regretted Turkey's absence. "Turkey has a place among us," he said. "The EU must make concrete gestures of willingness to welcome it."

Absorbing the first wave of Poland, Hungary, the Czech Republic, Estonia and Slovenia — as well as Cyprus — poses huge problems for the EU. It is unclear when they will be followed by Bulgaria, Romania, Lithuania, Latvia and Slovakia.

As current president of the EU, Britain is determined that the enlargement talks should start on time and include Cyprus, with or without Turkish-Cypriot participation. But the issue is complicated by Turkey's own outrage at being excluded from either the first or second wave of enlargement, and the angry insults Turkey and Germany have been trading.

Turkey, Cyprus and Kosovo all emphasise Europe's underlying cultural dilemma: what place Muslims can find in the EU's currently Christian club.

One of the most urgent tasks of the "new Europe" which Mr Blair proudly invoked was to issue a joint declaration demanding that Belgrade start serious talks with the Albanian majority in Kosovo, with a warning that trade links with the rest of Europe were at risk.

The summit strongly condemned the use of force by Serbian police but omitted references to autonomy or meaningful self-administration for the region, despite efforts by Britain and France to obtain a stronger text.

The leaders said Serbia's argument that it was dealing with terrorism was no excuse for the crackdown by President Slobodan Milosevic's security forces.

Leader comment, page 13

Island conflicts mar outsiders' day out, says Michael White

YESTERDAY'S London conference, convened by the European Union, was intended to show aspiring members around their exclusive club without actually letting them in.

For pampered, disenchanted Euro-citizens it is easy to forget that there are millions outside demanding entry to the club. Normally the Euro-outs are confined to a quick lunch on the last afternoon of the twice-yearly EU summit.

This time they had a whole day to themselves. In the event the day was initially overshadowed by ethnic and religious conflict in a divided island. No, not Cyprus. Mr Blair had to take time out to talk to Gerry Adams.

By comparison with Ireland, last partitioned in 1921, Cyprus has only been carved up between its Greek and Turkish tendencies since 1974. A mere blink in the eye of Euro-history, it was enough to have caused a huge row with the result that the Turks were conspicuously absent from

the 26-nation gathering. This was doubly unfortunate. Ankara's diplomats have been knocking at Europe's door almost since its armies stopped trying to turn it down, but are repeatedly rebuffed.

Yesterday's jamboree, staged by the all-singing-and-dancing British EU presidency, was intended to soothe wounded Turkish feelings.

Even worse, the last straw for many Turks had come when some EU bigwig had said he would not "sit down with terrorists". So the sight of Mr Adams's delegation emerging from Number 10 might have cheered Mesut Yilmaz, Turkey's prime minister. In Europe everything comes to pass sooner or later.

In both divided islands the common thread is Nato and the discreet influence of the United States, so discreet that no one would be so rude as to mention it. Just as Washington and Boston would like to see a united Ireland inside Nato, so the US is keen to keep Turkey sweet and inside the western alliance.

It therefore urges the EU to keep saying that Turkey is "a member of the European family" even though Islam in general and Turkey in particular are no more part of Europe than Norman Lamont.

Speaker intervenes in row over BBC coverage

Anne Perkins Political Correspondent

BETTY Boothroyd, the Speaker of the Commons, yesterday intervened in the growing row over BBC parliamentary coverage by demanding a face-to-face meeting with the corporation's chairman.

Ms Boothroyd is understood to be seriously worried by the planned changes, fearing they would mean less direct coverage of proceedings and more comment.

She has taken the highly unusual step of calling in Sir Christopher Bland, chairman of the BBC's governors, to protest directly about the changes which could be agreed as early as next Wednesday.

Ms Boothroyd is also concerned that reporting of the cross-party select committees, developed to scrutinise gov-

ernment, is to be severely cut. She believes their work, and the reporting of it, is "very important". The meeting is due to take place on Tuesday.

Last night backbench MPs were told by Sir Christopher that the effect of moving the nightly Today in Parliament to long wave only in 1994 had halved its audience. The BBC wants to move the 15-minute morning report. Yesterday in Parliament, on to long wave only too, as well as putting the Saturday morning political analysis programme *The Week* in Westminster into a Thursday evening slot, and incorporating the weekly *In Committee* programme into a new Sunday night slot.

Sir Christopher acknowledged that moving *Yesterday* in Parliament would probably cut its audience from 1.3 million to fewer than 500,000. He argued that it was necessary to try to keep up the audience after the vital 8.30am slot.

MPs are furious at what they see as their sacrifice on the altar of a "futile ratings war". In the Commons last week, former Tory minister Alan Clark said: "It is not the business of the BBC to determine its output by ratings."



Speaker Betty Boothroyd, left, is demanding a face-to-face meeting with BBC chairman Sir Christopher Bland, right, on the reporting of Parliament



announcements on the Today programme before they made them in the Commons.

Although the BBC is entirely independent of Parliament and government, the Speaker has raised the question of whether the proposals contravene the BBC's obligations under its charter, which oblige it to provide "full" reports of proceedings in Parliament.

Some MPs claimed yesterday's meeting with Sir Christopher was a "cosmetic exercise" and said they thought the BBC had already decided to push ahead with the changes.

The main proposals for Radio Four will be unveiled on Monday, but the corporation insists that consultations on the proposals for parliamentary reporting continue, "until mid-March". It insists the meeting with the Speaker is "a part of the consultation exercise".

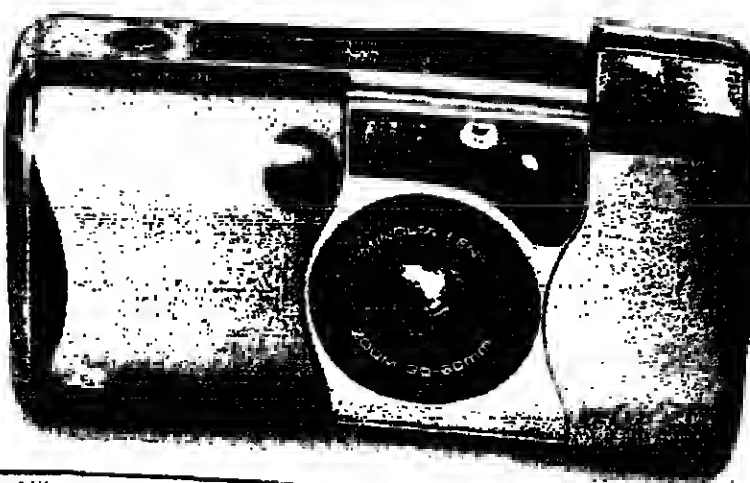
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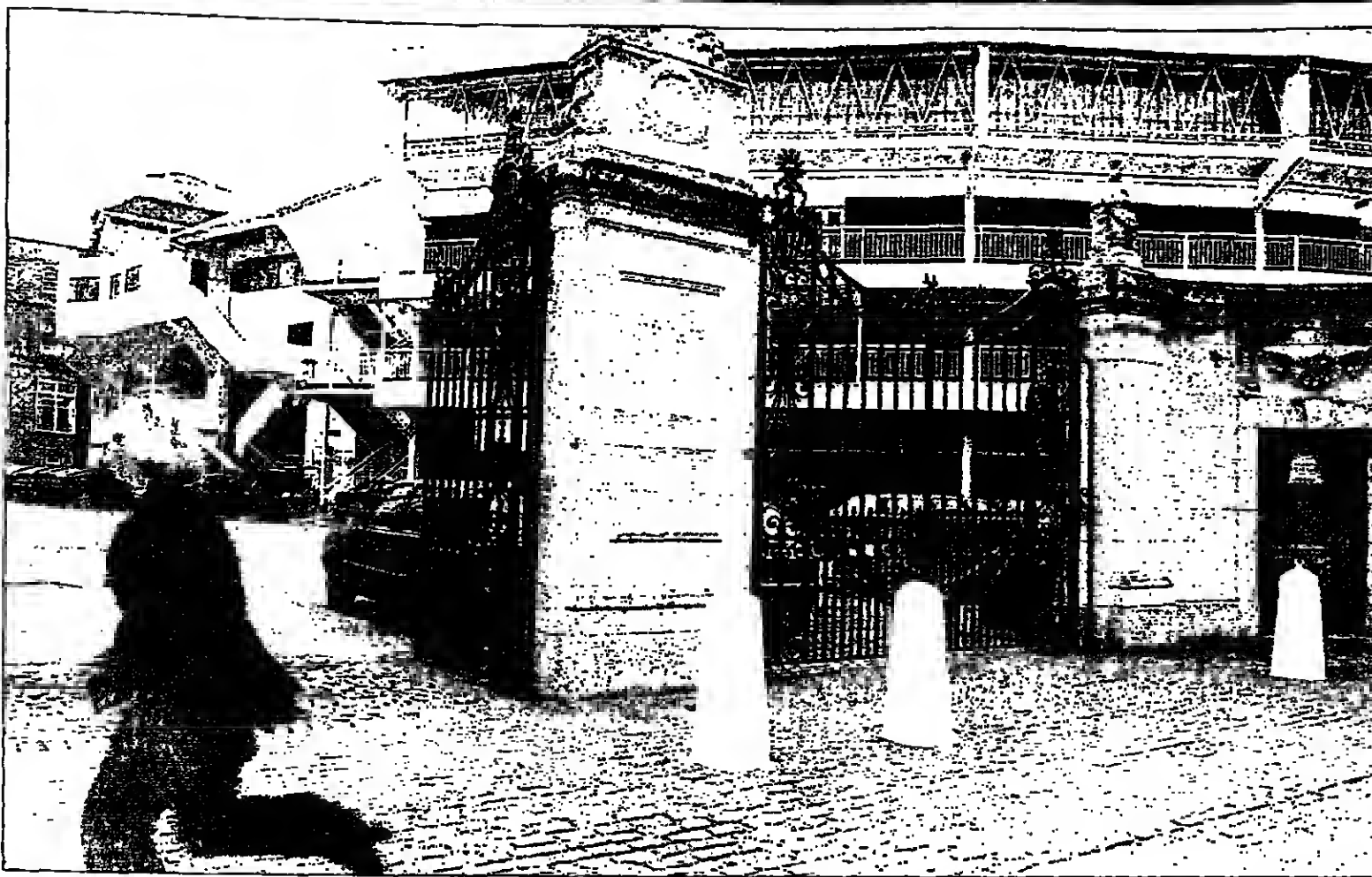
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Sex bias row



David Hopps and Amelia Gentleman on reaction to an industrial tribunal's sex discrimination ruling in favour of former receptionist Theresa Harild (above)



Lord's: home of a young, vibrant, modern and forward-looking organisation, according to ECB chief executive Tim Lamb

PHOTOGRAPH MARTIN GOODMAN

Lord's: what have they got to hide?

Matthew Engel on how cricket reinforced the public belief it is full of misogynists



ON the field, off the field, you can always rely on English cricket to get bad publicity. Yesterday, as England's batsmen struggled yet again in a vital Test match, their employers dealt with the consequences of their decision not to contest the sex discrimination case brought by Theresa Harild. It was said they wanted Ms Harild to have one day all over the front pages rather than four, and that they felt her false allegations would get less publicity if they did not contest them.

This seems bizarre. The ECB could easily have hired one of the best silks in the land to tear Ms Harild to shreds if she were shreddable. The suspicion, inevitably, was that the board has something to hide, and could not rely on all its employees who might have been called as witnesses to toe the party line.

Little which has come out from either side in this case has made any sense. Why should the board be so concerned about the effects of a liaison between a newly-arrived receptionist and a very junior executive with a lower public profile than a Hampshire second XI player? Why should it care whether she had the baby or not? It was of no consequence to English cricket either way.

Inevitably, people will think a Clintonesque sex scandal (GraceGate?) is lurking in the recesses of the ECB's smart new office block. This seems implausible as the building has some of the largest picture windows in north London; it would be difficult to get away with anything.

And Ms Harild's evidence, which apparently sounded compelling when presented unchallenged at the tribunal, has equally improbable aspects to it. Tim Lamb is a careful, even fastidious, man and I doubt if he would use the word "dikes" — his alleged description of women cricketers — even if he were talking about the geography of the Netherlands. It is especially unlikely when you remember his 14-year-old daughter plays at county level.

There is, in all these cases, truth and industrial-tribunal truth. It is a setting that makes the small change of

working life seem like conspiracy. Ms Harild claimed that men in the office talked of one woman never having had a shag. Is there an office in the country where men don't talk like that?

In hiding under the carpet and hoping Ms Harild would go away, the ECB seems to have ignored the effect of the MCC vote to continue barring the admission of women, which has reinforced the public belief that everyone connected with Lord's is a misogynist. Inevitably, the two stories have been linked.

The Marylebone Cricket Club (founded 1797) is a private, unelected body, which supposedly no longer has any power to do anything except regulate its own affairs, control the ground at Lord's and amend the laws of the game. It has had no direct power over English cricket for 30 years.

The England and Wales Cricket Board (founded 1997) has total control over the domestic game, and can do anything except find a way of getting the national team to win a Test matches regularly. It is referred to as "Lord's" because, foolishly, it has never moved its offices to a different location, where it might be able to forge its own identity. At the top level, both the ECB and MCC are controlled by men desperate for change. Fifty-six per cent of the membership supported the hierarchy and voted for women in the MCC, but were thwarted by the minority under the club's constitution. Officials, prodded by the Government and public opinion, are now hunting anxiously for a way round this, and Lamb was vociferous in calling for reform himself.

His board, however, has been slow to promote women to positions of authority. About half the 40-strong staff are female, many of them long-serving, but none are in senior positions. Recently, it was decided to appoint an international teams director, a job effectively fulfilled for years by a woman called Medha Laud.

Ms Laud was allowed aside by a former general, Simon Pack, hired at a substantial salary, whose qualifications for the role were not obvious. *Matthew Engel is also the editor of Wisden.*

We're not duffers says cricket chief

THE most powerful man in English cricket desperately sought to rebuild its waning credibility yesterday amid repeated claims of sexual harassment and intimidation by male staff at Lord's.

Within hours of Theresa Harild, a 32-year-old former receptionist, winning her sexual discrimination case before an industrial tribunal, Tim Lamb, the England and Wales Cricket Board's chief executive, denied that the board had paid her to have an abortion, and hit out at "pretty hurtful allegations".

"We are not old duffers," he insisted at the ECB's headquarters at Lord's. "We are a young, vibrant, modern and forward-looking organisation, made up of people with vision and energy."

But the perception of an institution irrevocably steeped in old-fashioned attitudes and male chauvinism was underlined by a Lord's marketing secretary, Sarah Bladon, currently on sick leave, who acted as a witness for Ms Harild at the tribunal hearing.

"Theresa's pregnancy had absolutely nothing to do with them," she told the tribunal. "I was shocked. I feel disgusted at the way the ECB is treating Theresa. The general feeling is that if you are female you are unlikely to move up the ladder, even if you have worked hard."

She described suggestions that Ms Harild, who signed a deal with a tabloid newspaper yesterday, had been sacked because she was incompetent and unpopular as "deeply malicious". She also alleged that she herself had been sent offensive material featuring Bill Clinton while working at Lord's. "I think I was expected to find it amusing, but I found it very offensive."

"Several other members of staff said they would have liked to come to give evidence at the tribunal but felt too intimidated by various senior members of the ECB."

The tribunal found that ECB officials pressed Ms Harild to have an abortion after learning that she had become pregnant in a brief affair with Nick Marriner, a highly-regarded and married devel-

opment executive. It accepted her evidence that the abortion was paid for by the ECB early in 1997. In June she was visited at home by the ECB's finance director, Cliff Barker, who handed her a letter of dismissal and offered her a £5,000 pay-off.

Mr Lamb yesterday defended Mr Barker as "a man of great integrity and loyalty". But he conceded the ECB, which replaced the Test and County Cricket Board 15 months ago in a brief wave of modernising zeal, had failed to dismantle cricket's reputation for outmoded public-school attitudes.

"We will be taking all possible steps to put that right, firstly by refuting all these allegations," said the son of the second Baron of Rochester.

That led Ms Harild's legal representatives, the Greenwich Community Law Centre, to suggest questioning a unanimous tribunal decision was "inappropriate". Her counsel, Mark Mullins, said it could take the tribunal anywhere from a few days to a few weeks to decide on compensation, which could reach £30,000.

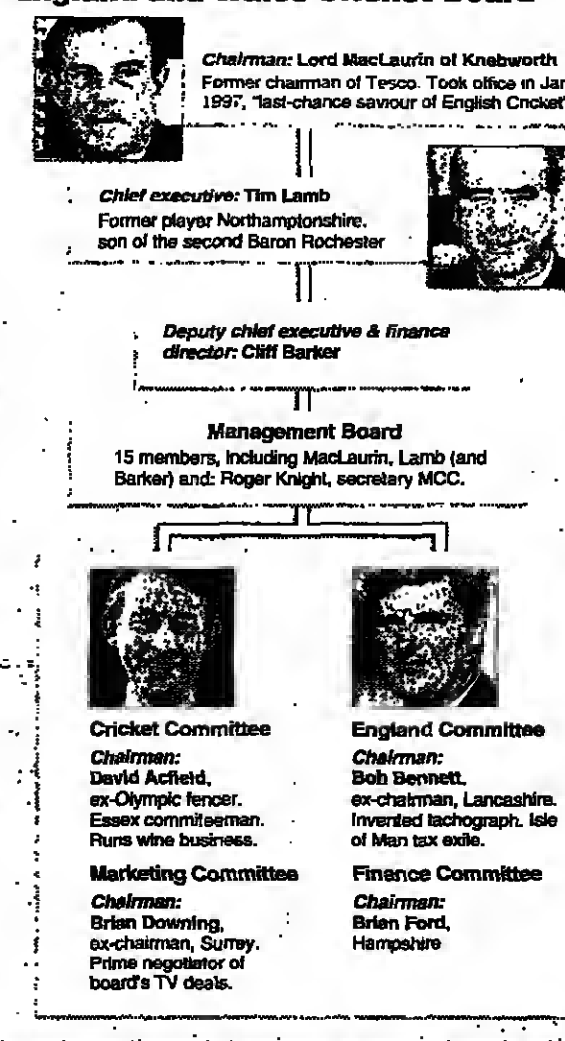
Mr Lamb was scrupulous last month in distancing English cricket's rulers from the decision by the MCC to continue to bar women members. He also received swift support from the English Women's Cricket Association, which is about to be assimilated into the ECB's management structure. He also appointed a woman, Janet Fisher, as the ECB's new administration manager.

The EWCA said the England women's team had "never been subjected to abuse or discriminatory attitudes" and described the support of the ECB and the MCC as "generous and enthusiastic".

Mr Lamb's task is not to convince cricket's powers-that-be that there has been no impropriety. The 15-strong management committee, made up of representatives of the ECB and the MCC, is charged with the task of forcing its removal, but they would be more stirred if he had tried to change the design of the ECB tie.

Lord MacLaurin of Knebworth, the ECB chairman, refused to comment.

England and Wales Cricket Board



Drugs company in trouble after suspension New Big Bang on horizon

Julia Finch

MORE than £100 million was wiped off the value of one of Britain's leading-edge drugs research groups yesterday when its head of research was abruptly suspended.

British Biotech, which has two potentially blockbuster drugs in development — a cancer treatment and a medicine for pancreatitis — said it had suspended 42-year-old Andrew Millar for "alleged misconduct". It added: "He has been suspended pending an investigation of breaches of company policy."

The company said no finan-

cial impropriety or personal indiscretion was involved and that its crucial drugs trials were unaffected, but its shares slumped 18 per cent as Dr Millar's suspension was confirmed.

British Bio now has a stock exchange value of just £462 million. Less than two years ago it was valued at nearly £2 billion, even though it had never put a single product on the market or made a profit.

A source close to the company said there had been a personality clash between Dr Millar, who has worked for British Bio since 1992, and a newly appointed director.

The firm is investigating allegations that its confidential-

ity rules had been breached, but said there is no suggestion that company secrets had been divulged.

The new director has been installed as chief medical officer — Dr Millar's superior.

News of the suspension is the latest in a series of blows for British Bio, which was a stockmarket darling in 1995, but recently has had to regularly announce delays.

The entire biotechnology business is built on hopes and promises that it can discover drugs which will bring in billions of pounds.

British Bio spent £32 million on research. Investors have poured cash into the business, but their patience is starting to wear thin.

Oxford-based British Bio, which was founded 11 years ago, has its hopes pinned on two key drugs: Marimastat, an oral anti-cancer drug currently being tested for efficacy on six types of tumour — including lung, stomach, ovarian and certain brain cancers — but there have been delays in providing data from the trials.

Its other big project, Zaccut, is for acute pancreatitis, which currently has no specific approved drug treatment and is often fatal.

Only last month the company was forced to postpone the launch of Zaccut after European drug regulators demanded more evidence that it actually saves lives.

British Bio also had to halt a project to develop a drug for bowel disease after it caused unexpected side effects. But it has an anti-thrombosis drug and a treatment for multiple sclerosis in the pipeline.

The company said Dr Millar's departure had not prompted the slide in its share price. It believes a huge share sale and buyback involving 8 million shares, conducted for tax purposes ahead of the Budget, had spooked City dealers.

continued from page 1 called Eros, to test the possibility.

No-one has ever been known to be killed by something falling from the heavens, but human history is short and astronomical cycles are huge.

A one-in-100-million years event of the kind that happened in the Cretaceous would wipe out all human life. Paradoxically, because the death toll would be huge, the risk in any one year becomes quite high: US scientists have put the chance of death by asteroid as roughly the same as death by aircraft crash.

The asteroid 1997 XF11 was

spotted in December by a Spacewatch astronomer at the University of Arizona, and added to a list of 108 "potentially hazardous objects".

Others tracked its orbit and began to make predictions. The latest is that it will hit past the Earth at 18.30 Greenwich time on October 26, 2028.

The original "miss" was estimated at 500,000 miles. The latest has XF11 well within Moon distance — and visible, at least from Europe, for around two hours.

But the calculations could be out by a tiny fraction, and that XF11 could hit the Earth. Scientists calculate that even landing at five miles a second, an object that size would ex-

plode with the energy of roughly two million Hiroshimas.

"This is the most dangerous one we've found so far," said Jack Hills of the Los Alamos National Laboratory. "It scares me. It really does. An object this big hitting the Earth has the potential of killing many, many people."

Anthropologist Dr Benny Peiser, from Liverpool John Moores University, who has made a special study of the effect of asteroid impacts, said: "It would wipe out civilisation as we know it. We would regress to the level of the Dark Ages."

Leader comment, page 13



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Retuned Radio Two



Familiar voice... June Whitfield serves the core audience

2's company

1967: BBC's Light Programme becomes Radio 2

1969: Charlie Chester's Sunday Soapbox launched

1972: Terry Wogan joins from Radio 1, followed by Jimmy Young (1973)

1976: The News Huddlines with Roy Hudd launched

1984: Wogan leaves to concentrate on television

1986: Francis Line, who joined the BBC as a typist, becomes first female controller of Radio 2

1993: Derek Jameson's show axed, despite 3.5 million listeners, and Wogan returns

1994: Radio 2 overtakes Radio 1 as most listened to station

1995: Awarded Sony radio station of the year

1996: Steve Wright joins from Radio 1. Followed by Michael Parkinson. Station launches up market drama such as To the Manor Born with Penelope Keith

1997: Jimmy Young receives Gold Sony Award



New boy... Mark Lamarr, magnet for a younger crowd

Comfy music corner gets a bit racy

Kamel Ahmed Media Correspondent

OUT go the woolly jumpers, in come the window-pane check suits. Radio 2, the station once derided as Radio Grim Reaper, revealed an image change yesterday when it announced that television stars Mark Lamarr and Jools Holland would be presenting programmes.

Lamarr, famous as presenter of the spoof quiz show Shooting Stars, will host a personal history of rock and roll. Blues player Holland, will present a

music programme. The changes appear a deliberate attempt by the station to encourage new, younger listeners. Jim Mair, the controller of Radio 2, said that although firm favourites with the over-55 brigade — such as Friday Night's Music Night — would remain, he hoped for a "gentle evolution".

Richard Baker, June Whitfield, Terry Wogan and Jimmy Young, will all ensure the station keeps its core audience. But new highlights will be two series on soul music — another fresh departure for the station which grew up on a

staple of big bands and 1950s crooners. Gloria Estefan presents a series, Miami Sound, while George Benson, Alexander O'Neil and Tina Turner, host shows on their musical past. There will also be a documentary on Bob Marley.

In a further development, Stuart Maconie will present a series on Northern Soul, based on the story of Wigan Casino which became a magnet for British soul fans in the 1970s.

"I'm honoured to have been asked to present it," said Lamarr. "I'm really excited about sharing some of the great unknown records

of the 1950s with a bigger audience than my bedroom." Holland also said he was pleased to be given a chance on Radio 2. "Perhaps I can be a conduit for introducing some of this music to other people."

Radio 2 will also launch an advertising campaign this weekend promoting the station's variety. The adverts, aimed at those who find the latest dance music trends a little loud, will have the slogans: Flight of the Bumble Bee followed by Sting; Jasper Carrott followed by Prefab Sprout; and Simply Red followed by Ol' Blue Eyes.

Fears over unmonitored paedophiles

Rory Carroll

AT LEAST six paedophiles thought capable of raping and killing children will be released from prison over the next two years without supervision because of a legal loophole, a chief probation officer said yesterday.

They will be free to live and travel anywhere, just like Robert Oliver, who visited a children's library and amusement arcade after serving eight years for the manslaughter of 14-year-old runaway Jason Swift, Sydney Cooke, another member of the six-man gang which abducted Swift, will be released next month.

Oliver and Cooke were considered so dangerous they would have meant release under supervision. As they were jailed before the 1991 Criminal Justice Act there is no power to order supervision once they have served their jail terms. But police said the loophole could be closed by using the Mental Health Act to indefinitely detain such men in hospital.

More than 150 sex offenders are due to be released without supervision. Penny Buller, East Sussex chief probation officer, said: "They are not all as notorious and as dangerous as Robert Oliver, but about half-a-dozen of them are."

She warned that the media circus which followed Oliver as he was hounded by towns in the public around from towns in



Robert Oliver: leaves prison after 10 years of 15-year term

Britain and Ireland could be repeated.

Oliver eventually moved for his own protection into a Sussex police station, living there for four months at an estimated cost of £50,000. He moved last month to Milton Keynes, to a medium-secure residential unit for mentally disordered offenders.

More than 200 police, probation and social service officials yesterday discussed the tracking of sex offenders at a conference in London.

Paul Whitehouse, the chief constable of Sussex, said there were dangerous gaps in the law. "If you have a personality disorder, which to the layman appears to be no different from being mentally ill, then you can't be sec-

tioned. If the Mental Health Act was altered to include people with a personality disorder then that could well be the solution."

Next week Mr Whitehouse will meet Alun Michael, the Home Office minister, to demand changes in the law and compensation for the cost of guarding Oliver.

Ray Wynn, a sex crime consultant, said the media focus on Oliver reinforced the myth that children were most at risk from strangers.

He said: "Since [Myra] Hindley and [Ian] Brady, all sex offenders have been tarred with the same brush. Four to 10 children are abducted by strangers and killed each year. But 77 to 100 are killed by parents or relatives."

There was little optimism at the conference that a solution would be found to stop other offenders repeating Oliver's odyssey after his release last September.

Hounded out of London, Swindon, Holyhead, Dublin and Liverpool, he was placed under surveillance immediately after arriving in Brighton. Detectives watched him visit Hove's children's library.

Detective Chief Inspector George Smith said: "His actions caused me concern but he had committed no offence."

A police officer struck up a conversation with him and asked for help. He was taken to the town's police station, and later smuggled out to a secret location while worried parents went on picketing Brighton police station.

Fayed meets crash judge

Harrods owner declares 'total confidence' in French inquiry

Jon Henley in Paris

MOHAMED AL Fayed spoke for nearly two hours yesterday to the French judge investigating the crash that killed his son Dodi, the Princess of Wales, and their driver. He emerged afterwards smiling but tight-lipped about what may have been a bruising encounter.

The first meeting between the owner of Harrods and the Paris Ritz hotel, and judge Hervé Stephan was "great", Mr Al Fayed said afterwards outside the judge's offices in the Palais de Justice here.

Judge Stephan was reportedly infuriated by Mr Al Fayed's recent statement that he was "99.9 per cent certain"

the crash under the Pont de l'Alma on August 31 arose from a conspiracy. He is expected to ask for evidence to back the assertion.

But the Egyptian businessman's lawyer, Georges Klejman, who was with him at the meeting, said its main aim had been "to inform Mr Al Fayed of the results so far of this inquiry".

He said his client had told Judge Stephan "in very clear terms" that he had "total confidence in the magistrates leading this inquiry". Mr Klejman added: "He was satisfied concerning the diligence shown to date. As yet, no theory about the accident had been excluded. That is the work of the judge," he said. "Nothing has been ruled out. Nothing has been estab-

lished." The lawyer also denied that Mr Al Fayed had been conducting a "parallel investigation". He had merely been "given information by various consultants".

A justice official said the meeting was affable, but there was no new information.

Mr Al Fayed is a civil plaintiff in the criminal inquiry, and so is entitled to share in any damages awarded by the French courts. It is part of the investigating magistrate's obligations to keep civil plaintiffs up-to-date with the progress of the investigation.

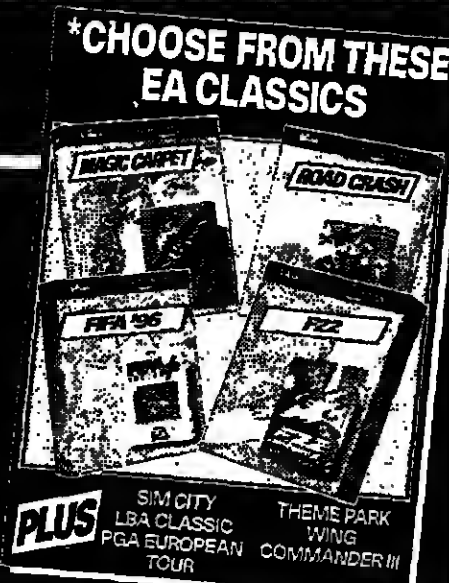
In an interview last month with the Mirror, Mr Al Fayed said he believed "there was a conspiracy", adding: "I will find the person who caused this accident. I believe there were people who did not want Dodi and Diana to be together."

But French police and justice officials say all the evidence points to a high-speed drink-driving accident.

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The 169,000 tonne bulk carrier Derbyshire, which sank in minutes in 80ft waves off Japan in 1980. All 42 crew and two of their wives were lost before a Mayday could be sent out

Derbyshire inquiry reopens

Keith Harper on continuing efforts to determine the causes of Britain's biggest maritime loss

THE Government is to reopen the inquiry into the sinking of the bulk carrier Derbyshire in a typhoon off Japan in 1980. Deputy Prime Minister John Prescott said the underwater detective work into the fate of the 169,000 tonne ship — the largest British vessel to be lost at sea — was even more impressive than research on the sinking of the Titanic.

All 42 British crewmen, and two of their wives, were lost with the ship.

The year-long submarine survey into the disaster by the Government and the European Union has ruled out any structural defect as the reason for sinking. But Mr Prescott is giving interested parties three months to submit representations on whether a formal investigation should be reopened, and whether it should be held in the High Court.

The survey's assessors said that the vessel had been "unprepared to take the rigours of typhoon seas". Their report said that although a hatch was unsecured on the bow area, that was not the sole reason for the sinking.

Showing vivid graphics of the last moments of the vessel, the assessors explained how water had flooded the bow area of the ship, causing it to sit lower in the water.

Unable to rise sufficiently above 80ft waves, it had its cargo hatch covers ripped off, and with the cargo area filling with water, sank rapidly. Robin Williams, the expedition's chief scientist, said the investigation had involved taking more than 135,000 photographs and the examination of 2,000 pieces of wreckage on the site, 2½ miles down in the Pacific Ocean.

When the typhoon hit the vessel, hatch covers either imploded or exploded, and water flooded into holds containing thousands of tonnes of iron ore. The force of the explosions was the equivalent to 17 tonnes of TNT.

Mr Williams said there were several reasons for the sinking, and the ship went down through a combination of them all. It sank with an estimated 9,000 tonnes of iron ore in the hold, and the surveyors found "a picture of almost total destruction, with parts of the huge ship ripped apart, lying torn and crumpled on the sea bed".

Asked if the survey's findings vindicated the ship's design, he said: "This is not a clean bill of health for the industry. We have ignored the signs and are still ignoring signs. Ships are being lost... There are no winners in this."

Mr Williams said it took



minutes for the ship to sink from the time the hatch covers started ripping off to the stern sinking. It was "this pure speed of events" that led to no Mayday call being sent out. "Crews in this case don't know what's happening, and that's good for the families in a way. It will give them some sort of solace."

Controversy has surrounded all attempts to determine the cause of the loss of the Derbyshire — one of six identical vessels built in the late 1970s. After a sister ship, the Kowloon Bridge, went aground and broke up off Ireland, a public inquiry was started in 1987. It found that the sinking was probably due to the bad weather, but relatives, unions and shipping experts maintained that the vessel suffered a structural fault common to bulk carriers built at that time.

Brian Orrell, leader of the ships officers' union Numast,

said last night that 300 bulk carriers had been lost at sea since the Derbyshire went down, and a report showed 70 per cent of them could not withstand water getting into the cargo areas.

In 1994, an expedition to the wreck funded by the International Transport Workers' Federation brought back new evidence which prompted the government to reconsider the matter. A re-examination by Lord Donaldson, former Master of the Rolls, concluded that an official government expedition should be mounted. This one has cost almost £3 million.

Yesterday's report by Mr Williams recommends a review of the regulations on how low in the water ships should sit, the possible strengthening of cargo hatch covers, and the positioning of ventilators and access hatches on decks.

Paul Lambert, chairman of the Derbyshire families' association, said it had been an 18-year struggle full of pain. "All the families have wanted was the truth. We want to see bulk carriers made safe. People in authority don't seem to care. It makes no difference how many bulk carriers go down and how many ships are lost."

He appealed for cash to get the best experts to study the report's findings. "The fact that the bow filled and the ship went down shows a design fault. We can't compete with the ship owners. They are rich in cash and experts and we are not."



The stern of the ship, now 2½ miles down in the Pacific, photographed in a year-long submarine survey of the wreck

Woman can fight murder conviction

Clare Dyer
Legal Correspondent

A WOMAN sentenced to life last December for stabbing her violent partner while he was attacking her, won the right yesterday to appeal against her murder conviction.

Diane Butler's case, heard at the Court of Appeal in London, is the latest to spotlight the way the law treats battered women who kill their abusive husbands or partners — if convicted of murder, they face an automatic life sentence, whatever the circumstances.

To escape a murder conviction and a mandatory life sentence, they can plead self-defence, which, if successful, means acquittal or argue provocation or diminished responsibility, which reduces murder to manslaughter.

If the jury believes there was no intention to kill or cause serious harm, they must also deliver a manslaughter verdict.

With a manslaughter conviction, a judge can pass any sentence from a complete discharge to life, depending on the facts of the case.

Ms Butler, aged 32, from Doncaster, stabbed her partner Roger Carlin in the course of an hour-long assault in which he dragged her down the stairs by her hair, kicked her against walls and began smashing up the house.

Ms Butler's lawyers argued that she had no intention to kill, a defence not accepted by the jury.

Her current solicitor, Har-

riet Wistrich, said: "Given the facts of this case, it is quite astonishing that Diane Butler was convicted of murder."

"This was a case where self-defence or provocation should have been put to the jury."

In three high profile cases in the last three years — those of Sara Thornton, Emma Humphries and Kiranjit Ahluwalia — the Appeal Court has freed women who killed abusive partners after substituting manslaughter convictions for murder.

But many senior judges believe the fairest way of matching the punishment to the circumstances of the crime would be to end the mandatory life sentence for murder, leaving sentence to the judges' discretion.

The Lord Chief Justice, Lord Bingham, is expected to call for the abolition of mandatory life sentences in a speech at Hendon Police College today.

Women's groups claim men who kill their partners are treated more leniently than their female counterparts. At Leeds crown court four days before Ms Butler was convicted of murder at Sheffield crown court, Kevin Nutter was found guilty of manslaughter and sentenced to four and a half years for beating his partner to death in a prolonged attack in front of the couple's children.

Men have traditionally found it easier to plead provocation successfully, because until recently the defence required "a sudden and temporary loss of control" more likely to be a male reaction.

Maker of Barbie doll sues FHM magazine after assault on virtue

Kamal Ahmed
Media Correspondent

THE makers of Barbie doll have launched a legal action against FHM after the men's magazine illustrated a feature on sex with pictures of Barbie and Ken in *Intimate Delights*.

American company Mattel says the dolls' wholesome image has been damaged by photographs in an article called *All The Right Moves*. A law suit claiming damages has been filed in Los Angeles alleging FHM showed Ken and Barbie in "improper, sexually explicit and offensive positions".

Adrian Procter, Mattel's lawyer, said that the company was protecting Barbie from being "associated with anything obscene, vulgar or distasteful".

Phil Thomas, the publisher of FHM, said: "We did receive a letter from Mattel last September saying they were unhappy with our use of their dolls on our World Wide Web page."

Nasty bytes in a silicon blockbuster

Tim Radford
Science Editor

NOBODY would give the novelist points for blockbuster to astonish the literary world, given the fact that clocktowers are ivy-covered and PhD diplomas are framed.

But *Betrayal* could end up framed in a hall of fame, anyway. It was written by a new and powerful piece of software, Brutus.1 is the world's most advanced artificial story generator according to its hegeter, Selmer Bringsjord of Rensselaer Polytechnic Institute in New York state.

Brutus.1 assembles horrible plots, a bit at a time, and spins them out to 400 words. The problem is that the software not only has to grasp simple problems like noun, an object and verb, it also has to wrestle with more complex ideas such as identity, character, setting, mood and even plausibility.

The novel is a Homeric leap for silicon storytelling. Previous efforts have ended in stories lasting only sentences. One famous silicon novel, unveiled at a British Association science festival at Keele, consisted entirely

Betrayal, by Brutus.1

DAVE Striver loved the university. He loved its ivy-covered clock towers, its ancient and sturdy brick, and its sun-dappled verdant greens and spier youth. He also loved the fact that the university is free of the stark unforgiving trials of the business world — only this isn't a fact: academia has its own tests, and some are as merciless as any in the marketplace. A prime example is the dissertation defense: to earn the PhD, to become a doctor, one must pass an oral examination on one's dissertation. This was a test Professor Edward Hart enjoyed giving.

Dave wanted desperately to be a doctor. But he needed the signatures of three people on the first page of his dissertation, the priceless inscriptions which, together, would certify that he had passed his defense. One of the signatures had to come from Professor Hart, and Hart had often said — to others and to himself — that he was honored to help Dave secure his well-earned dream.

of one sentence about a wombat which packed her bags and set off for a new life as a juggler in Siberia.

Archers. But neither of them could handle the subtleties of story and locale.

Brutus.1 took four years and a \$300,000 (£183,000) research grant. It can only write about the deception and evil of betrayal.

To generate a novel that dealt, for instance, with unrequited love, revenge, jealousy or patricide, Bringsjord and his artificial intelligent researchers would need to devise mathematical formulae suited to each theme.

Brutus has a future, however, in the entertainment industry, when stand-alone entertainment systems will be required to create and direct their own stories.

"In the virtual gaming world of the future, things will unfold too quickly in real time for a human to be guiding the process," said Bringsjord.

But computers will never be a match for Proust, Kafka or Martin Amis. "To tell a truly compelling story, a machine would need to understand the inner lives of its characters," he said. "To do that, it would need to think not only mechanically, but also experientially, in the sense of having a subjective or phenomenal awareness."

Another was defended by its progenitor as a possible spinner of storylines for the radio series. The

The old guard of Arsenal players have been as surprised as outsiders by the way Wenger has won them over.

Nick Callow on Highbury

Sport98 page 8

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*Indicative rate for new cardholders of 10.9% APR until 31 December 1998.

6 BRITAIN

Revisionist suggests lack of archaeological evidence points to farming communities native to Britain rather than invading hordes

Sceptic casts doubt on the Celts

Martin Walmsley

THE misty world of the ancient Celts has been thrown into confusion by academic sceptics working in the heartland of the old, Anglo-Saxon enemy.

An entire industry of convoluted Celtic designs, the mistletoe and Druid tradition and the spiritual basis of three political parties are under question, following the launch of the revisionist theory that the Celts were invented for 18th century political purposes.

The romantic "outsider" nature of prominent modern Celts, from the comedian Billy Connolly to the Welsh poet R.S. Thomas, is also at risk, with the analysts suggesting that their ancestry is "attractive but bogus".

A spokesman for Plaid Cymru, the Welsh Nationalists, who were busy reassuring countrymen in Cardiff yesterday, said: "There is outrage here, although it's notable that interest seems to be greatest in London."

The Saxon capital is playing host to the initial airing of the theory in the magazine of the British Museum, which opens a major permanent exhibition on Celtic Europe in July.



Celtic rangers

Celtina, daughter of Britain. Started it all off by having a fling with Hercules. Nine months later, the world welcomed Celts.

Doll Pentreath, said to be the last natural speaker of Cornish, died aged 91 in 1777 at Mousehole.

Poet Robert Burns (right), 1759-1796. His work includes Auld Lang Syne.

David Lloyd George (left), prime minister 1916-1922.

spell-binding orator or the "harsh Wales", according to taste.

Billy Connolly, a welcome Celtic comedian.

The Celtic Fringe, deceptively large constituencies.

Cornish Dairy Ice-cream, successfully fighting Brussels' attempts to make it "marrow ha kledyz" (Cornish for "dead and buried") to conform with EU regulations.



tains' daughter Celtina via an affair with Hercules.

"What nonsense," said Anne Lorna Gillis, cultural spokeswoman for the Scottish National Party and heiress to what she called "the especially formidable women of the Celts".

These included Boadicea and Queen Maeve of Connaught and Scathag, a warrior from Skye who taught the arts of war to Cuchulainn, the greatest warrior of Celtic tradition, as well as sexually initiating him at the age of seven.

"They were not romantic though," she said. "They were head-hunters who went naked into battle. But their technological ability is proved by finds from as far away as Hallstatt in Austria and Le Tene in Switzerland, which prove the common culture referred to by the Greeks as 'Keltoi' and the Romans as 'Galli'."

Dr James was meanwhile chuckling at the spur to debate given by his theory, which in academic terms, he predicted, would run and run. "Scholars started the Celtic hare running," he said. "The hare has now turned into a chimera, and the debate over how to kill it — if we can and if we have the right to try — is only just beginning."



Hercules... mythical forefather of the Celts. An academic claims their culture is an 18th century invention.

July. Despite the "glint of gold and bronze, and the riot of war-harnesses and neck rings", says the museum's Dr Simon James, "more and more archaeologists are concluding that the Ancient Celts, as usually conceived, never really existed."

The problem about in their traditions, usually a mixture of glorious defeat, haunting music and serpentine artwork, lies in the "complete absence" of physical evidence of a composite Celtic people carrying out the necessary incursions, according to Dr James. Currently on an archaeological research fellow-

ship at Durham University, he says: "Archaeologists have searched in vain for evidence of Iron Age Britain being invaded by waves of migrating Celts."

The current belief is that Celts were a sophisticated society with chiefs, warrior castes and considerable technological skill, who expanded throughout Europe between 500-250BC from their original, Alpine homeland.

Sharing language and culture, they were thought to have absorbed Roman ways before being driven to the fringes of Europe by Anglo-Saxon and Viking incursions.

Diggers' finds instead support a comfy picture of "relatively egalitarian farming communities, native to Britain, lacking evidence for elaborate classes of warrior nobles, Druids or apocalyptic metalwork."

These romantic additions may have been the creation, Dr James suggests, of Scottish and Welsh enthusiasts at the time of the 1707 Act of Union, when something extra was needed to resist the all-powerful advance of the English.

"There was a growing need to define and defend the non-English identities of the north and west," says Dr James.

"Just when the ancient term 'British' had been pre-empted by the new Anglo-centric state."

His paper argues that the same political hijack of history can be seen in the nationalistic French cult of Asterix and the mighty Gauls, or "a recent exhibition in Venice where the Iron Age Celts were presented as forerunners of the European Union."

Modern Celts yesterday vigorously rejected the idea that their forebears were a hot-potch of people who just happened to live locally, rather than glamorous warriors sired by Celtina, son of Brit-



Queen of Sweaters pulls out all the stops in show of chic

Sally Brampton in Paris

SONIA Rykiel showed in Paris yesterday, the first top French designer to do so all week now that the city's citadels of fashion have mostly fallen to overseas designers.

French style is what Rykiel does best — that infallibly chic uniform of neat black sweater, wide matelot trousers, spike heels, red lipstick and beret. And in this, her 50th anniversary collection, the Queen of Sweaters pulled out all the stops.

First out was Naomi Campbell in a floor-length grey cable-knit coat trimmed with fur, floppy

jersey trousers and leopard fur mules. Shown at the Bibliothèque Nationale, the collection was a tribute to the style she has made famous: the world over.

Pert little black dresses were trimmed with lace and chiffon ruffles, men's suits in check and pinstripe were given a fluid, sexy edge and the sweaters in black, brown, grey and navy were cut close to the body for that skinny silhouette French women are so in love with, and appliqued with flowers or studded with diamante.

When she set up business in Saint Germain in 1968, Rykiel was considered a fashion radical — the first designer to put seams on the outside, and the first to turn

sports clothes into high fashion. These days she is known best for only one thing — true Parisian chic.

Giorgio Armani expressed his shock yesterday at the cancellation by French authorities of his \$1 million fashion show in Paris on Wednesday.

"Competition between the French and Italians has always existed but there are limits... even in competition. Sometimes you have to show a little humanity too," he said after officials cancelled his show minutes before it was due to start, claiming safety standards had not been met.

He will now show his Emporio collections at the end of the month in New York.



Naomi Campbell... first on the Rykiel catwalk yesterday

Schoolgirl pregnancy rate jumps

Sarah Boseley Health correspondent

SCHOOLGIRL pregnancies soared by 11 per cent last year to their highest rate in more than a decade, figures released yesterday show.

In 1996, 8,800 girls aged under 16 became pregnant, according to the Office of National Statistics. Fifty-two per cent had an abortion. The previous year there were 8,004 pregnancies in the age group. Among 15 to 19 year olds, there was a 7 per cent increase in the rate.

The Brook Advisory Centres and the Family Planning Association blamed the surge on a scare over the contraceptive pill in October 1995. A report of slightly increased risks of thrombosis attached to one brand caused many women to stop oral contraception without waiting to get an alternative from their GP or clinic.

The Brook clinics have found many girls to be nervous of going on the pill, said a spokeswoman. "They say it is really dangerous."

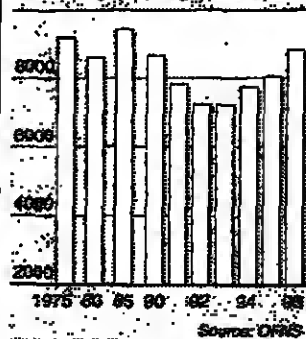
In 1993/94, 47 per cent of the under-16s who went to Brook clinics chose the pill as their method of contraception. By 1996/97, the figure had dropped to 27 per cent.

"There is a tremendous amount of confusion among young people about contraception and about confidentiality," said a spokeswoman. "Many still wrongly thought their doctor had a duty to tell their parents if they went on the pill."

The Family Planning Association's chief executive, Anne Weyman, said: "We

Young mothers

Number of conceptions, abortions, under-16s, England & Wales



urge the speedy implementation of a national policy which will guarantee good information and advice for young people to help them make informed choices."

A government programme to reduce under-age pregnancies is likely to be launched in May. Focus groups of young people, teachers and parents will be involved. The Public Health Minister, Tessa Jowell, said: "Having sex at 12 or 13 robs you of your childhood, and it is the job of parents and teachers to safeguard a childhood."

The Brook Advisory Centres' chief executive, Margaret Jones, said they welcomed the initiative. "This rise in the teenage conception rate highlights the importance of improving young people's access to accurate information and sex education, expanding the provision of well-publicised, confidential sex advice services and promoting an openness about sexual issues which allows teenagers to discuss and look after their sexual health."

£300,000 fine for ICI pollution

Paul Brown Environment Correspondent

ICI was fined a record £300,000 yesterday after pleading guilty to causing one of Britain's worst ground-water pollution incidents when 150 tonnes of chloroform pushed from a broken pipe at its Runcorn site.

The fine, imposed by Warrington crown court, was the largest for an Environment Agency prosecution and reflects the fact that water below the site in Cheshire may be contaminated for hundreds of years because of the incident last April. The company was also ordered to pay £51,100 costs to the Environment Agency.

Last night, the agency's chief executive, Ed Gallagher, said the fine, should "send a signal to the boardroom that pollution does not pay."

"By luck" when a workman smelled chloroform and saw a 3ft high fountain of the chemical spouting from a broken pipe. The leak went undetected for four hours because

the company had inadequate monitoring equipment.

William Rankin, prosecuting, said only three tonnes of the chloroform were recovered. One tonne leaked into the Weston Canal and 20 tonnes evaporated. About 123 tonnes stayed in the ground and was expected to mix with the groundwater. It was said to be remote from sources of drinking water, but that it could be centuries before it dispersed and it would have to be monitored.

Chloroform, once the standard anaesthetic, can cause headaches, nausea and unconsciousness; prolonged exposure can kill. In this case there had been no injuries, the court was told.

Two days after the spill the chloroform content of the canal was 493 parts per billion of water — compared with the maximum permitted quantity of 12 parts per billion.

Mr Gallagher said: "I hope the scale of the fine is an indication that the courts are beginning to understand the impact of what industry does to the environment."

News in brief

BBC superno backs Teletubbies show

BBC chairman Sir Christopher Bland entered the Teletubbies debate yesterday with a defence of the pre-school children's programme. He told delegates at a children's television conference that it was "brilliant". The show was criticised at the Second World Summit On Television For Children in London for being a marketing tool geared to merchandise sales. Patricia Edgar of the Australian Children's TV Foundation said it was regressive. But Sir Christopher said: "I have never heard such high-minded, sanctimonious twaddle in my life as the debate which has raged around Teletubbies this week."

Soldiers injured in crash

THREE British soldiers have been taken to hospital in Nairobi after being seriously injured in a helicopter crash 96 miles northeast of Nairobi. A British High Commission spokeswoman said yesterday. The men were named as Major Mike Smith of the

Army Air Corps, the pilot, Corporal Andrew Austin of the same regiment and Lance-Corporal Chris Walters of the Royal Electrical and Mechanical Engineers. AMREF, Kenya's flying doctor service, said one soldier had head injuries while the others suffered spinal injuries.

Tartan Army charmers

SCOTTISH football fans — "the Tartan Army" — were yesterday recruited to sell Scotland abroad at this summer's World Cup finals in France. The supporters have been invited to participate in trade fairs and concerts to coincide with the team's games against Brazil, Norway and Morocco. "They are now among the best behaved supporters in the world. They will add atmosphere to efforts to sell Scotland to world," said David Taylor, director of Scottish Trade International. — *Laurence Donegan*

Overdose cases at risk

UP to half of those admitted to hospital after taking an overdose are sent home again without any psychiatric help, which is against Department of Health guidelines, a study published today

in the British Medical Journal claims. There are 150,000 admissions a year after self-poisoning and studies have shown that 1 per cent of those who overdose succeed in killing themselves the following year. — *Sarah Boseley*

More wed outside churches

THE number of people in England and Wales choosing to marry in venues other than churches and register offices has quadrupled. In 1996/97 more than 2,000 premises were approved as marriage venues, from castles to football grounds. According to the Office for National Statistics 15,341 people married in approved premises in 1996/97, compared with 4,107 in 1995/96.

In the doghouse

TWO thieves were in the doghouse yesterday for driving off in their owner's car and demolishing a 400-year-old Grade II listed building. The German shepherd and Rhodesian ridgeback released the handbrake on Kate Wilson's Ford Mondeo while she visited her brother in Ferrets Brook, Gloucestershire — and the car rolled down a slope, across a road and into the barn.

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No hiding place



A village near Marbella on the Costa del Sol, an area less popular now with British criminals but attracting the Russians

New crime squad to track British villains in Europe

National team of 1,450 detectives begins operations next month.
Duncan Campbell reports

B RITISH career criminals have been moving their bases to places like the Dordogne in France and to Holland to avoid the heavy police surveillance and increasingly violent turf wars in Britain. They are making cross-border alliances with other European criminals, using the south of Spain as a main meeting place.

The highly organised multinational career criminal will be a prime target of the National Crime Squad to be launched on April 1.

Its director general, Roy Penrose, said the police had to match the changing pattern of British crime. He expected almost half the investigations launched by his officers to involve European connections.

Mr Penrose, former head of the drug squad and the organised crime branch at Scotland Yard, said mainland Europe offered many attractions for British criminals. He cites the case of Curtis Warren, the Liverpool drug dealer jailed for 12 years

in Holland last year for conspiring to import £100 million of drugs.

"He felt threatened by the death of [David] Ungi," said Mr Penrose. (Ungi was another Liverpool criminal shot dead in 1995.)

He said the National Crime Squad would pursue about 180 major British criminals and their teams, and this would take them to Europe.

The Dordogne was becoming particularly popular because of the substantial British community into which criminals could blend. The career criminal could establish himself in his own gite. Dozens of families were known to have settled there.

Spain is no longer quite so popular since the extradition loophole was closed. "But Spain is still very important," he said. "There's a heavy expat community there."

The arrival of a Russian newspaper on the Costa del Sol was an indication that there was a large enough Russian community to support it. Among that community was



Roy Penrose... pursuing the Europe connection

almost certainly organised crime.

The area was ideal for criminals of different nationalities to conduct business.

Language was not a problem for the British criminal, Mr Penrose said, because English was now so widely used.

Improved telecommunications systems and easier travel meant that the criminal could easily work in mainland Europe, in the same way that people in other professions were appreciating the attractions of cheaper

property and a friendlier climate.

The National Crime Squad was first mooted in 1990 by the former Commissioner of the Metropolitan police Sir Peter Imbert. It will have a staff of 1,450 detectives seconded from their own forces and based in 44 locations in England and Wales.

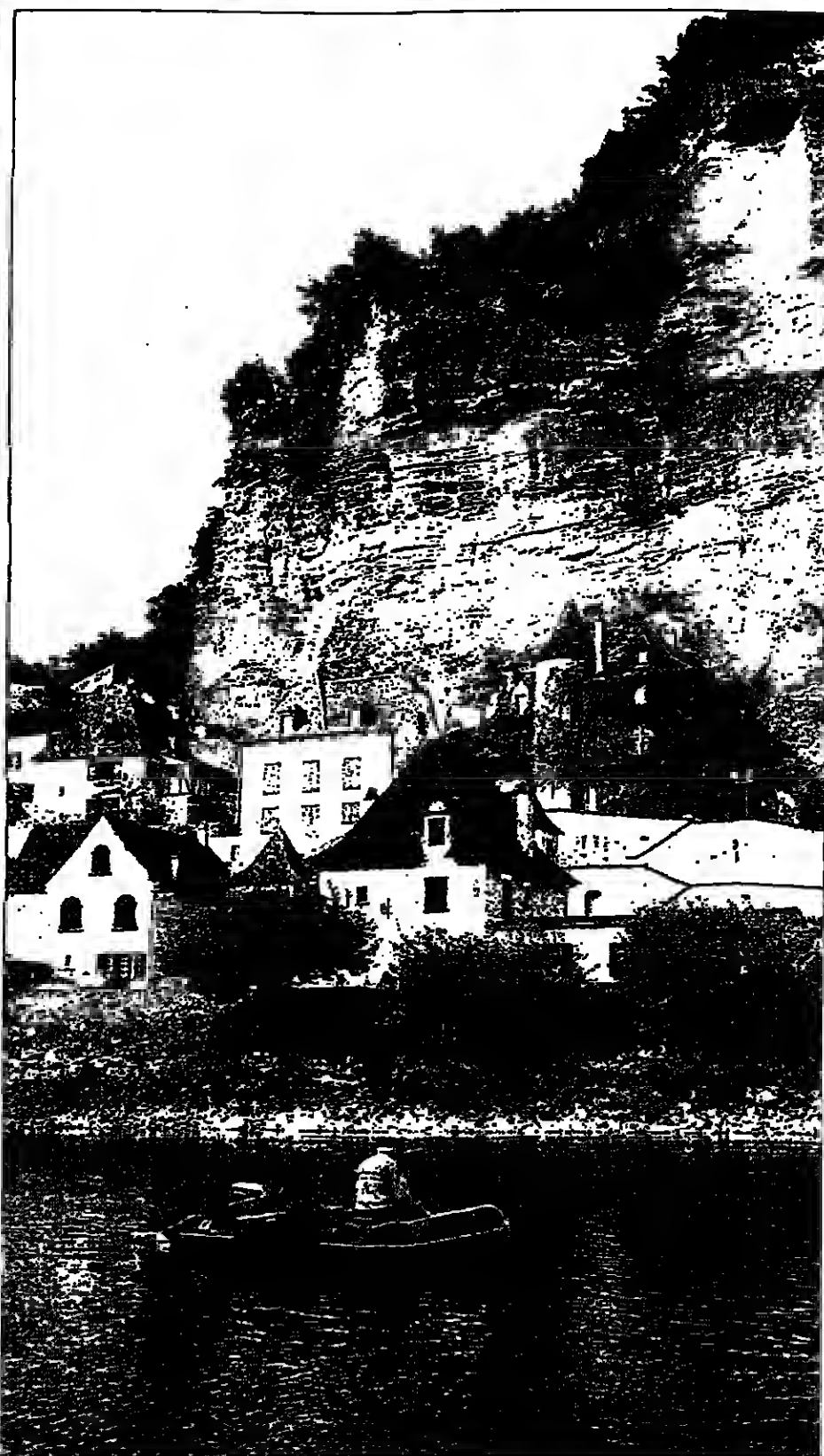
The detectives, from regional crime squads, will have applied for what Mr Penrose described as "a bloody super job". Regional squads will be amalgamated into the national squad and cease to exist from next month.

The new squad's function will be "to prevent and detect serious crime which is of relevance to more than one police area in England and Wales". It will work alongside the National Criminal Intelligence Squad.

Drugs will be a major focus of its work, linked to around 75 per cent of the crime investigated.

The new squad's emblem will be the regional crime squads' Fimperial — "they seek him here, they seek him there" — but as yet it has no nickname.

Television drama producers searching for a fresh idea should know that two of their number have already been in touch.



A village in the Dordogne. Career criminals decamping from Britain find it easy to blend into the substantial ex-patriate community in this French region

THE DORDOGNE

ONE of the great cradles of civilisation, the Dordogne, real name Périgord, is rich in prehistoric paintings and Neanderthal remains.

It is easy to find: just drive until town names start ending in "ac". Except the largest, Périgueux, a 2,000-year-old town of 30,000 on the Isle, one of seven rivers that cut through woody countryside. Farmers force-feed their geese until their livers turn into foie gras. Walnut trees shade lush soils where pigs are said to snuffle out truffles.

The English have adored Périgord since the 100 Year War when the Dordogne river was the unofficial barrier between the opposing sides. Castles sit on craggy cliffs, and beautiful bastides — fortified villages — can be found around most corners. In the 1970s the Brits began coming in a rush, turning the area into a warmer England with better cooking.

THE COSTA DEL SOL

ONE of the great cradles of uncivilised humanity, the Costa del Sol is used by Neanderthal Brits seeking to paint its towns red.

It lies in a thread from Malaga to Gibraltar and incorporates such tourist traps as Torremolinos, Fuengirola and Marbella. The coast was once a line of Spanish fishing villages but is now like one large condominium, catering to seeking tourists. The sound of Spanish is all too often drowned out by the sound of Britons swearing at the Germans.

A squad of specially recruited police has started cracking down on the 60-odd crime families operating in the area.

Marbella has the highest per capita income in Europe and the most Rolls-Royces on the Continent. The town has also been soaking up Russians. Last year 28,000 arrived prompting fears that the mafia will take over.

Ruaridh Nicoll

Bullying of gay pupils 'rife'

Vivek Chaudhary
Education Correspondent

B ULLYING of pupils who are gay or believed to be gay is common in British schools, but most teachers feel unable to raise the issue of homosexuality because of the law, says a survey published today.

More than 80 per cent of schools taking part in the first-ever survey of homophobia in schools said that verbal bullying was common. Children used words like "lezzie, gay or queer" as insults.

More than 26 per cent of schools reported assaults on

pupils thought to be gay, and more than half of the teachers questioned said they had difficulty addressing the needs of gay pupils or tackling homophobic insults because of section 28 of the 1988 Local Government Act.

The act, introduced by Conservatives under Margaret Thatcher, prohibits local authorities from promoting homosexuality or its acceptability.

Angela Mason, director of the gay rights group Stonewall, who commissioned the survey with The Terrace Higgins Trust, said: "Many homophobic words are used by children as a general insult, not always directed

against gay pupils. It seems that while racist comments are not tolerated by teachers and schools, it's still acceptable to use homophobic terms.

"This situation has never been challenged by anybody but we must tackle it because we believe that children learn homophobia and one of the places where it is learnt is in the schools."

About 1,000 schools took part in the survey but only a quarter said they mentioned sexuality when talking about equal opportunities. More than 60 per cent of the respondents said schools were an appropriate place for providing information about homosexuality.

Stonewall called on the Government to repeal section 28 of the act and urged the gay areas surrounding gay issues in schools.

Ms Mason said: "What would help teachers is some clear guidelines because there's enormous confusion over section 28. Its clear message is that homosexuality is a taboo subject and should not be discussed in schools. Many pupils are suffering."

However, the Department of Education said: "All forms of bullying should be tackled by schools. Section 28 of the act applies only to local authorities, and schools are not prohibited from discussing homosexuality."

'My whole time at school was very painful. And things still haven't improved, because teachers aren't willing to tackle homophobia'

Steve Wain left school shrivelled and without qualifications after a bullying campaign lasting almost two years, writes Vivek Chaudhary. "It



Steve Wain... assaults forced him out of school

After coming out — declaring his homosexuality at the age of 14, he found the verbal assaults were replaced by physical ones. Life at his south London school became intolerable.

"There was a small group of boys who followed me around everywhere. They would insult me and punch and kick me. Sometimes they would follow me home, but usually I was attacked in the playground or going to class."

Mr Wain said that he never told his parents about the bullying because they were not aware of his sexuality. He only confided in one teacher. "The teacher just told me not to worry about it, that the bullying would pass. I really suffered in silence and couldn't concentrate on my schoolwork, which began to suffer."

My mind wasn't on work but on how I could get home without being attacked."

Then, a year after coming out, he was attacked by a group of pupils in his school's science block. "They were all punching and kicking me and I just walked out of school and never went back. I'd put up with this treatment for two years and had had enough."

He feels that the way gay pupils are treated has changed little since he was at school. "I think there's not improved because teachers and schools are not willing to tackle homophobic comments and activity," he said.

"I have really suffered because I didn't get any qualifications and this has affected my job prospects. My whole time at school was a very painful experience."

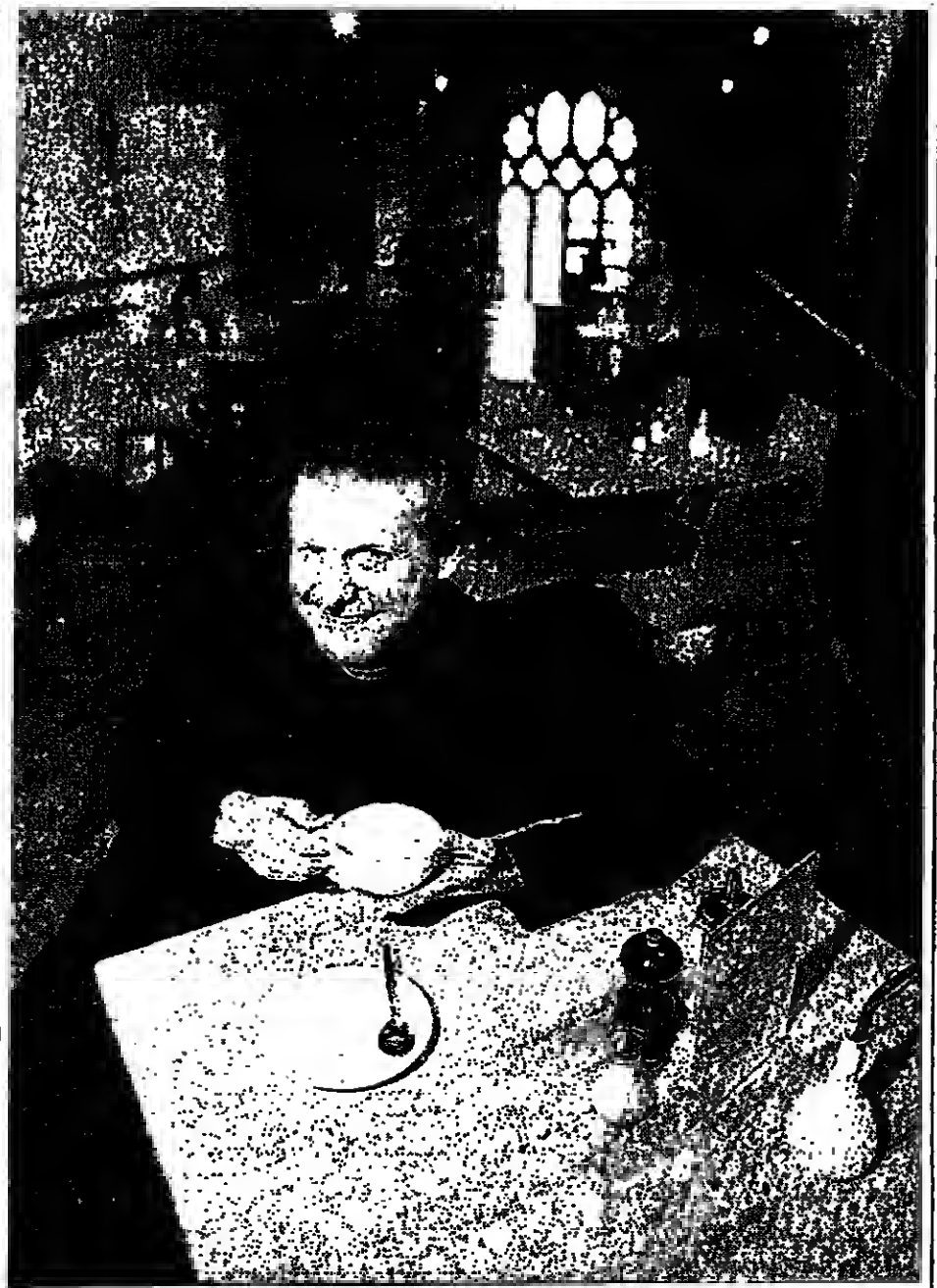
Parish draws line at cash from risqué relic

John Eazard

A LL Saints church in Hereford strives to be in tune with the age. You can taste bread of heaven at communion in the Lady Chapel. Or you can buy All Saints olive-oil bread in the cafe. What you can't do is buy postcards or casts of one of its most traditional features: Seamus O'Toole, the rude little man who sits high on an oak roof beam.

The parochial church council has drawn the line at a scheme to exploit him commercially and so possibly make him as famous as the Rude Man of Cerne Abbas, Dorset. Andrew Mottram, the innovative vicar who proposed the scheme, accepted yesterday that "it's just a bit tacky".

Seamus — nicknamed Wee Willie Winkle — lies back on the beam simultaneously moaning and exposing himself to the long-



Fr Andrew Mottram (above), the Hereford vicar whose plan to market his church's 'rude' 500-year-old carving (left) has been scotched by the parish council PHOTOGRAPH PETER LEA

dead master mason who, it is thought, failed to pay the craftsmen who carved him nearly 500 years ago.

All Saints was then controlled by French monks. Sexually explicit or grotesque carvings in little-known parts of churches are more common in European Roman Catholicism than in British parishes, where most were removed, gilded or fig-leaved during the Reformation or by Victorians.

Seamus was little seen for centuries until Father Mottram opened the cafe directly beneath him as part of a £1.7 million renovation scheme which has helped boost congregations from 35 to 2,000 a week.

The mannikin is now spotlighted. Originally Fr Mottram wanted to call the cafe The Moon and Spire but was dissuaded. He argued that fibreglass casts, at £15 each, could be "quite a moneyspinner".

Parish democracy voted him down by a clear majority. "People were saying I'd pushed the boundaries too far. I still think it's a great opportunity but I'm quite relaxed about it. The first time I saw the carving I thought it was a guy with bagpipes."

Karl Pigott, PCC treasurer who voted in favour, said: "I think the carving is quite comical, but it depends on your sense of humour."

Potato Famine fungus returns

Tim Radford
Science Editor

A FUNGUS that altered the course of history lives is back — and more dangerous than ever, according to American scientists.

A new and more virulent strain of the fungus that precipitated the Irish Potato Famine in 1845, *Phytophthora infestans*, is hitting the potato fields of the United States and Canada, according to scientists at Cornell University in New York State.

In 1845 *Phytophthora* devastated a nation that had become dependent on the potato. The average Irishman ate slabs of the vegetable a day. But at the time, almost all the potatoes of Europe were cloned from two or

three specimens introduced more than a century before. Because there was no variety, there was no resistance; almost the entire crop collapsed, with appalling consequences.

More than a million Irish people are believed to have died in the famine.

More than 2 million emigrated to the US and Australia in the notorious "coffin ships" — so named because the space allotted to each voyager on board the vessels was no greater than a coffin.

Britain itself did little to ease Ireland's plight, which helped poison future relations between the two countries.

The blight hurred itself on, and plant scientists eventually developed a fungicide treatment called metaxyl which controlled 20th

century attacks. But in 1982, according to Professor William Fry, a plant pathologist at Cornell University, a new strain of "late blight" suddenly appeared in New York State and Maine.

By 1995, it was in all eastern states except Virginia and South Carolina. Last year, the strain, christened US-8, had infected crops in Idaho, Texas, Colorado, Nebraska and South Dakota.

"Things are worse now than they were a few years ago," said Prof Fry.

US-8 has become resistant to metaxyl, and is remarkably rapid and destructive. The blight can penetrate, colonise, spore and disperse in less than five days.

Each infestation on a plant can produce 300,000 potential new fungi in a day. Fields are being devastated, and already harvested potatoes are

going into "meltdown" in stores.

The short-term response, say Prof Fry and Stephen Goodwin of Purdue University in the Journal Plant Disease, has been to use more fungicide.

It could be up to 15 years before plant scientists develop new strains of potato resistant to the blight.

George Mackay, of the Scottish Crops Research Institute, said that the situation in Europe was different: growers here have lived with late blight for much longer and have developed more resistant strains. "Late blight is without any doubt the most important disease of potatoes worldwide," he said. "Certainly in the less developed countries. It is of major concern, because these people can't afford the fungicides."

Romano Prodi's government is desperate to contain a Mafia scandal, writes John Hooper in Rome

Italian minister told to quit

THE Italian government was last night preparing to take the extraordinary step of demanding the resignation of one of its junior ministers.

Senator Angelo Giorgianni has refused to step down despite being accused in an official report of indirect links with the Mafia. After turning a deaf ear to pleas from the prime minister and the leader of his party, he spent yesterday boozing in his office sending faxes to news agencies protesting his innocence.

The affair is a huge embarrassment to the centre-left

government of Romano Prodi, which has so far been untouched by suspicions of involvement with organised crime. What makes it doubly awkward is that Mr Giorgianni holds a post at the interior ministry, the department most closely involved in the war against the Mafia.

"I have no intention of sacrificing... my dignity or my disinterested commitment to the defence of legality," Mr Giorgianni wrote in a fax.

A spokesman for his department said: "The senator is earnestly in fear of life and limb."

Mr Giorgianni had earlier

threatened to reveal the name of a cabinet minister he claimed had holidayed in the Aeolian Islands with an underworld suspect.

A former prosecutor, Mr Giorgianni was elected for the Sicilian province of Messina and is a member of the party formed by the foreign minister, Lamberto Dini.

The party's name is Italian Renewal, but Mr Giorgianni's alleged behaviour is typical of the style of politics it has vowed to eradicate. A report by the all-party parliamentary anti-Mafia committee linked his name with that of a Sicilian builder rumoured to

have Mafia connections. The senator met him while he was a prosecutor when the builder was under investigation on suspicion of corruption.

The more general allegation levelled at Mr Giorgianni is that he abused his position as a prosecutor, putting local politicians under investigation to smooth his own path into politics. After colleagues in Milan lauded the "Clean Hands" drive against graft, Mr Giorgianni made a name for himself in Sicily by bawling allegedly corrupt public figures. An elderly Christian Democrat who was jailed at his request despite having

undergone seven heart bypass operations died shortly after leaving prison.

He is also accused of shelving an inquiry that could have embarrassed his superiors. The prosecutors' office in Messina decided there were no grounds for probing further into why the lucrative contract for a dispensary at the university hospital had been given to the rector's family. The rector was related to the chief prosecutor.

Ministers were expected to vote at today's regular cabinet meeting on a resolution calling on Mr Giorgianni to go. But under the terms of the

constitution they cannot fire him.

Five years ago, a junior minister at the finance ministry who tried to avoid resignation had to be removed by President Oscar Luigi Scalfaro.

On Wednesday Mr Dini asked Mr Giorgianni to stand down to be able to "put his case across with freedom and dignity and without putting the government coalition into difficulties".

A statement from the prime minister's office said Mr Prodi felt it would be the best way for Mr Giorgianni to "defend his honour".

World news in brief

Air crew blamed for cable car accident

THE United States military yesterday blamed the crew of a US marines jet for the cable car accident in the Italian Alps last month in which 20 people died.

The crew and some of their superiors now face disciplinary action and a possible court martial for involuntary manslaughter or negligent homicide. Their case will initially be referred to a pre-trial investigation, the military equivalent in the US of a grand jury.

The accident investigation board said the crew "aggressively manoeuvred their aircraft, exceeded the maximum air speed and flew well below" the permitted height. — *John Hooper, Rome*

German drug use soars

THE use of "designer drugs" in Germany soared last year, with middle-class teenagers particularly prone to using ecstasy and amphetamines, the government reported yesterday.

It said the Netherlands, with its liberal drug policies, was the main source of supply for such designer drugs in Germany and dismissed talk of legalising soft drug use. Figures for 1997 showed that first-time recorded users of amphetamines and cocaine rose by 37 and 31 per cent. — *Ian Traynor, Bonn*

Nigerian rights activist held

A PROMINENT Nigerian lawyer and human rights activist, Femi Falana, was arrested yesterday with seven other people, according to his colleagues.

Mr Falana and the others, a number of whom are thought to be journalists, were arrested at a hotel in the central town of Ibadan where they were attending a conference. — *Reuters, Lagos*

Islamic Jihad on attack

ISLAMIC JIHAD, the militant Palestinian group, called on its members yesterday to attack Israeli soldiers and settlers in response to a US court decision which ordered Iran to pay \$247 million (£154 million) to the family of an American student killed in a bombing in 1985.

The court found that Tehran had financed the Islamic Jihad guerrillas who carried out the attack. Alisa Flatow, aged 20, from New Jersey, was killed when a suicide bomber struck an Israeli bus in the Gaza Strip. — *Reuters, Jerusalem*

Alchemist of revolution dies

MANUEL Pineda Losada, a one-time mastermind of Cuban support for revolution in Latin America, died in a car crash yesterday aged 63.

Pineda, a former senior intelligence officer, was closely associated with supporting leftwing guerrilla groups in Latin America during the 1960s and 1970s. Nicknamed Barba Roja (Red Beard), he fought in Fidel Castro's guerrilla army before the 1959 Cuban revolution. — *Reuters, Havana*

Norway expels five Russians

NORWAY said yesterday it was expelling five Russian diplomats for trying to recruit Norwegians as spies.

"This is a very serious case," the foreign minister, Knut Vollebæk, said. The prime minister, Kjell Magne Bondevik, is postponing a planned visit to Moscow later this month as a result of the row. — *Reuters, Oslo*

Kosovo Albanians stay away

KOSOVO Albanians boycotted talks with the Serbian government yesterday on the future of their troubled province, accusing Belgrade of giving them no warning and setting preconditions.

Leaders of the ethnic Albanians, who make up 90 per cent of Kosovo's 1.8 million people, also demanded an outside mediator, preferably from the United States, for any talks. — *Reuters, Pristina*

Counted out

MAX the gorilla, who proved his machismo by fighting off an armed intruder at Johannesburg's zoo last July, may have snuffed his chances of becoming a father, according to officials.

Max was shot in the shoulder and face by the fugitive, who was fleeing arrest by pursuing police officers and zoo officials. He was hailed as a hero for protecting his mate, Lisa, and for giving police an opportunity to catch the alleged thief.

But zoo officials are now concerned that Max, a rare lowland gorilla, is not making Lisa pregnant. The zoo has tested Max's sperm count and is concerned that the shooting incident has scarred his psyche. — *Reuters, Johannesburg*

France's Panthéon is falling down

Jon Hanley in Paris

EMILE ZOLA, Victor Hugo and Jean-Jacques Rousseau and their eminent friends may soon, quite literally, be turning in their graves. The Panthéon, the final resting place for the great and the good of France, is falling down.

"It's serious, very serious indeed," said Hervé Baptiste, the architect in charge of the 18th-century neoclassical masterpiece at the historic monuments commission. "Stones are falling from the ceiling. If something is not done fairly soon someone may get killed."

He said 10 pieces of granite, the heaviest weighing some 20lb, had fallen from the Panthéon's vaulted ceiling in the past two years.

The average drop is about 100ft. Anyone standing under that isn't going to have much of a chance.

Commissioned by Louis XV in 1757, the building is also suffering from cracks in the walls, leaking joints, and the loss of several large sheets of lead sheeting torn off the roof by high winds.

The Panthéon, which has more than 250,000 visitors a year, was originally a church and became "a temple destined to receive the great men of France" in 1805. Besides Hugo, Zola and Rousseau, the building contains the remains of other famous figures, including Voltaire, Antoine de Saint-Exupéry, and Pierre and Marie Curie.

The historic monuments commission began a 15-year renovation project in 1985. Mr Baptiste said, but spending cuts mean the project has not received a franc of public subsidy this year.



A group of about 1,000 Bosnian Muslim women protested in Sarajevo yesterday for the assimilation of Brcko into the Muslim-Croat Federation. Brcko, in eastern Bosnia, is now part of the Bosnian Serb entity but a decision on its status will be made in Vienna on Sunday. PHOTOGRAPH BY HIDEJETS DELIC



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Danish PM's poll victory defies pundits

Stephen Bates in Copenhagen

DENMARK'S Social Democrat prime minister, Poul Nyrup Rasmussen, confounded predictions of his imminent political demise yesterday by winning the general election

by the narrowest possible margin.

His coalition of left and centre-left parties retained control of the 179-seat Folketing (parliament) with 90 seats, a majority of one over the opposition conservative parties, which had been widely predicted to form a coalition government.

Newspapers in Copenhagen reflected the shock at the result, with headlines proclaiming "It's a Miracle!" above photographs of a clearly bemused but elated prime minister.

Many ministers had cleared their desks on Wednesday, convinced they were about to be thrown out of office. Opinion pollsters, as in Britain after John Major's unexpected victory in 1992, struggled to explain why they had predicted the wrong result.

The result sent a wave of relief through the European Union, which had anxiously awaited the outcome to gain clues to the likely result of Denmark's referendum in May on whether to accept the Amsterdam Treaty.

Mr Rasmussen said yesterday: "The most important task of all is now to secure a

'Yes' in the referendum."

All 15 EU member states must ratify the treaty before it can come into effect. The Danes rejected the Maastricht Treaty in 1992 before being persuaded to accept a revised version in a referendum the next year.

With the government and the leader of the rightwing opposition, Uffe Ellemann-Jensen, strongly backing a yes vote, polls show 49 per cent in favour and 32 per cent against.

Mr Rasmussen's victory depends on the votes of two representatives from the semi-independent Faroe Islands and Greenland. Joannes Eidesgaard from the Faroes said yesterday that although he would not vote to bring the administration down, he would not back it on all issues.

"Watch out for more gov-

ernment money for the Faroes — at least a new airport or sports stadium," observed one Copenhagen journalist.

The election's clear losers were Mr Ellemann-Jensen and his conservative coalition, which lost votes to the racist fringe parties of the far right.

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10 WORLD NEWS

Screen queen foils Hindu bid for power

Suzanne Goldenberg
in New Delhi

INDIA'S Hindu nationalists were brought to their knees last night by the Tamil former screen queen Jayaram Jayalitha, who sabotaged efforts to form a government by setting impossible conditions on her support.

Instead of the expected presidential invitation to govern, the Hindu nationalists would be prime minister. Atal Bihari Vajpayee, faced humiliation last night. He admitted to President K.R. Narayanan that he could not conjure up a parliamentary majority, despite alliances with more than a dozen parties.

The stand-off is a crisis

awakening for Mr Vajpayee to the intricacies of coalition building, and highlights the folly of an alliance with tempestuous regional chieftains such as Ms Jayalitha, whose only common ground with Mr Vajpayee's Bharatiya Janata Party (BJP) is a lust for power. Until last night, he was almost certain of being sworn in as prime minister at the weekend.

The move also threatens to leave India rudderless as the Congress party, the second-

largest force to emerge from last month's elections, is itself leaderless and riven by dissent.

"The president has not asked me to form a government," Mr Vajpayee said. "He told me he would review the situation and give me the verdict (on Saturday). It is for the president to take the next step."

Ms Jayalitha, who has acted in more than 100 films, fought the elections in the southern state of Tamil Nadu with the BJP, and this week confirmed her unconditional backing for the party. But she has failed to produce the letter of support for Mr Vajpayee's alliance demanded by the president, begging "extenuating circumstances which I cannot divulge".

However, the BJP said she had demanded the finance and law portfolios for her own allies, the dismissal of the Tamil Nadu state government, banning of personal foes from cabinet berths, and favourable rulings on water disputes with neighbouring regions. She is also reportedly plotting that no BJP leader congratulate her on her birthday on Wednesday.

Mr Vajpayee said negotiations would continue, but added: "Cabinet formation is a key issue and I do not bow to pressure."

Privately, BJP leaders were howling with frustration. "This lady is absolutely crazy," said a party leader after a day of meetings. "In this age, economics is politics. There is no question of giving up finance."

As reporters and police buddied outside Mr Vajpayee's home during freak hailstorms, the BJP held frantic telephone negotiations with Ms Jayalitha in Madras. The BJP's consternation owes much to her unpredictability. Her candidate for finance minister, the mercurial Dr Subramaniam Swamy, was until recently her most bitter enemy, having been instrumental in her fall two years ago in a welter of corruption charges.

Japanese financial scandal claims its fourth suicide

AP in Tokyo

A FINANCE ministry official hanged himself in Tokyo yesterday, becoming the fourth Japanese official to commit suicide in a widening scandal over high-level corruption.

The head of Japan's central bank, Yasuo Matsuoka, also offered to resign yesterday after Wednesday's arrest of a bank official suspected of accepting entertainment in

return for leaking information to private banks.

The man who hanged himself, Yoshio Sugiyama, aged 46, was a deputy chief in the ministry's banking bureau, a police spokesman said.

He was reported to have worked as an inspector in 1991 with two ministry officials arrested in January on suspicion of accepting entertainment worth 4.8 million yen (about £25,000) from banks in exchange for tips about inspections.



Ethnic Karen children salvage belongings after rival Karens hacked by Burmese troops razed their camp in Thailand, killing two

PHOTOGRAPH BY VICHRA

Burma raids border camp

Reuters in Bangkok

ABOUT 50 armed members of the Karen Buddhist Democracy Army (DKBA), backed by Burmese government soldiers, crossed the Moei River in north-west Thailand and attacked the Huay Kalak refugee camp earlier this week, Thai border police said.

They said the soldiers killed at least two Karen refugees and wounded 22 in the midnight attack. The 5,000 refugees then fled and the raiders torched the camp, destroying more than 1,500 shacks.

Burmese pro-democracy exiles condemned the attack and the junta which allegedly supported it. "It is a heinous and detestable act to launch a military attack against a refugee camp which has nothing to do with military matters," the National Council of the Union of Burma said.

The United States also condemned the Burmese government and urged it to find a solution to ethnic problems. After a bitter split with the DKBA, the Christian Karen National Union is fighting for autonomy for a Karen state. More than 100,000 of its followers have lived in sprawling refugee camps just inside Thailand since 1964.

South Korea tightens belt but narrows mind

In an over-zealous embrace of IMF austerity measures, owners of foreign cars face victimisation, writes Andrew Wood in Seoul

COMMENDABLE South Korea sent 1.32 million cars abroad last year and imported only 3,000. Despite the strong public feelings, Kaide says vehicle imports were not a big factor in the shortage of foreign currency.

Forced late last year to ask the International Monetary Fund for a record \$35 billion emergency loan, South Korea has taken the "IMF era" to extremes, with imported goods shunned and some people even victimising owners of foreign cars.

The Korea Automobile Importers and Distributors Association (Kaide) says notes have been left on parked vehicles saying: "The country is in this state because people like you drive imported cars." It says restaurants and golf clubs have refused to give parking spaces to foreign cars, and that drivers have been denied service at petrol stations. Some foreign cars have had the letters "IMF" carved or painted on their bodywork.

Life in the IMF era is a bizarre mix of patriotism, austerity and marketing. Government offices can be chilly and dark as lights are switched off and heating turned down to save fuel. Shops hold "IMF sales" and restaurants offer cheap "IMF menus" to entice customers.

Several decades of stunning economic growth ended abruptly late last year when the south-east Asian currency crisis swept north. South Korea nearly ran out of dollars to pay its foreign debts and had to swallow its pride and apply to the IMF.

Suddenly the financial world realised the giant family-owned conglomerates or chaebol, at first nourished by government-supported cheap loans, had

grown flabby on the diet. The present restructuring is like a brutal form of financial liposuction.

The traditional "jobs-for-life" culture is over. It is estimated one-third of small businesses will go bust this year. Unemployment is approaching a record high of 1.5 million people, with 10,000 people losing their jobs each day. The result is a national frugality campaign. "IMF" has become a synonym for value for money.

Newspapers predict few people will be able to afford to get married this spring. One wedding dress shop in Seoul is offering reductions of 55 per cent and has changed its name to "IMF Weddings". Patriotic South Koreans are prepared to take the

pain of the IMF era. The country seems to thrive on difficulty. "Let's start again," runs one television advert. "Let's rebuild the economy. We did it before and we can do it again."

Some of the patriotism seems innocent. Television

The association — whose members include Ford, BMW and Toyota — has appealed to the media to tell Koreans that it is all right to buy an imported vehicle. Kaide's executive director, Yoon Dae-sung said: "They're scared to buy and

Newspapers talk of deals being done. But privately many diplomats and businesspeople question whether they will ever be completed. The complicated system of cross-guaranteeing loans from one subsidiary to another makes it difficult to work out what you are buying. It might be much more attractive simply to poach the best Korean staff.

There are signs the government seems to realise that Koreans' zest for frugality might backfire and frighten off foreign investors. A new public service television advert satirises overzealous Koreans, making fun of a woman whose response to the IMF crisis is to give up breathing. "Careful consumers will save South Korea," it says.

Notes left on parked vehicles say: 'Korea is in this state because people like you drive foreign cars'

shopping channels highlight goods made in Korea. Sales of foreign cars — never large — are well down. One Kaide official said that, ignoring purchases by expatriates, perhaps only two dozen imported cars were sold last month.

ride a foreign car. Many Koreans believe that to buy an imported car is a sin. "Seoul's hotels are filling up with foreign businesspeople seeking bargains as the giant chaebol follow government orders to sell loss-making subsidiaries."

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Analysis The Tory legacy

Picking up the tab for past policy blunders

From rail privatisation to BSE, it's clear that Labour has inherited a nightmare. **Larry Elliott** and **Mark Atkinson** spell out the cost implications

THE people who run Britain's pension industry had a nasty wake-up call yesterday when the Government's chief financial watchdog, Howard Davies, said on at the BBC's Today programme that the cost of the pensions' mis-selling scandal of the 1980s could be as much as £11 billion.

The duping of large numbers of clients by the financial services industry into swapping safe occupational pensions for private retirement savings plans has proved to be one of the textbook examples of free-market dogma running wild.

But it is not the only one. Over the past 10 months, the new Government has grown quite accustomed to picking up the pieces of a whole range of Tory economic and social policies which have gone drastically wrong.

To some extent, clearing up the mess made by the previous administration is always a feature of a change of government. Indeed, Mrs Thatcher used to blame the devastation of British manufacturing during her first term of office on the low productivity industrial feather-bedding, and high inflation inherited from Labour in 1979.

But Tony Blair and his ministers seem to have been left with a particularly difficult legacy, in part because the sheer longevity of the previous regime gave it time to treat Britain as a laboratory for a free-market experiment in which deregulation, privatisation, cutting red tape, downsizing the public sector and reducing state spending were seen as the way to

putting the country on the path to higher growth and prosperity.

Britain is still waiting to see the economic benefits of laissez-faire economics. Growth has not been faster than it was in what the Thatcherites dubbed the bad old days of the 1950s, 1960s and 1970s; it has been slower. Living standards have risen more slowly, and the fruits of growth have been spread more unevenly.

However, it is now clear that, far from being part of the solution to Britain's problem, the marketisation of the economy and society are part of the problem.

The pension's mis-selling is a case in point. The dogmatic belief that the private sector would always be more efficient led the government to offer employees tax breaks to switch out of occupational and state-run pension schemes.

This was just the signal the financial services industry — already swelled in size by the end of capital controls — needed to embark on a drive for new customers that all too often crossed the dividing line between entrepreneurial zeal and downright dishonesty.

So, teachers, firemen, policemen and nurses were persuaded by commission-hungry and poorly-trained sales forces to cash in what had been sizeable nest eggs for inferior products. Mr Davies said yesterday that the first stage of the clear-up operation — to identify the priority cases involving those people who had retired, were close to retirement or who had died — was drawing to a close.

But he is now embarking on a second phase, designed to

concentrate on younger people, who were under 35 when they took out a personal pension. There are thought to be 1.8 million in this category — more than three times the number in the top priority cases. It will take at least two more years before the case file is closed on a problem which had its genesis in the mid-1980s.

The BSE debacle is another example of a slow-burn policy error which Labour is having to tackle. At the heart of Conservative doctrine was the belief that red tape should be cut and industry allowed, wherever possible, to regulate itself. So, despite repeated warnings from health experts, the food industry was allowed to feed the remains of dead animals to cattle without being boiled up to a high enough temperature to kill off the disease.

Hence the harrowing story in court this week of Clare Tomkins, who despite becoming a vegetarian at 13, had already contracted the human form of BSE. From a teenager full of life, her condition has degenerated rapidly in the course of just six months to a position where she is now terminally ill.

Conservatives reacted angrily when the Prime Minister said that they had been responsible for giving Britain BSE. But, to a large extent that is true. There were fatal delays in making mad cow a notifiable disease, removing beef off from baby food and from sausage, burgers and pies. Had the Government listened to criticism and set up an independent Food Standards Authority, rather than leaving the Ministry of

Agriculture to represent the often conflicting interests of consumers and producers, lives might have been saved.

Certainly large sums of money would have been saved. John Major's administration picked up a bill for £1.5 billion in its last year in office, but Labour will have to pay compensation to farmers of £300 million this year, £563 million next and £488 million in 1999-2000(1).

Some of the gloss has also come off the privatisation miracle over the past few years. The Conservative argument is that previously nationalised industries were made more efficient by being sold off, and that instead of being a drain on the public

purse they started to pay large sums of corporation tax into Treasury coffers. One study published last year by the right-wing think Centre for Policy Studies said that the Treasury received £8.8 billion in corporation tax and dividends together with privatisation proceeds between 1988 and 1996. The study claimed that prices of gas had fallen by 50 per cent in real terms since the industry was sold off in 1986, Telecom charges by 40 per cent and electricity by 2 to 2.5 per cent a year(2).

The counter argument is that the successes of these industries were caused by other factors, such as increased competition, for

which privatisation is not strictly necessary.

Moreover, the privatisation of the railways has not so far led to any savings to the state at all. Before privatisation, it was subsidised by £900 million a year; now the handout to keep the trains running is £2 billion, although the figure is falling. Additionally, it is plain that the assets were sold off at a bargain basement price. British Rail valued the track and stations that were floated on the stock exchange in May 1996 at £6.4 billion; they were sold for £1.8 billion. Shares in the private company created — Railtrack — opened at 190 pence; they are now worth around £10.

Of course, Labour has not had to clear up every problem created by the Conservatives. Some they had to cope with themselves, and even turned to their own advantage. Take the Falklands War in 1982, which symbolised Mrs Thatcher's tough approach to putting Britain back on the map after decades of decline.

Yet, the whole episode could have been averted had it not been for the Government's penny-pinching approach to public spending. Under Thatcher's lash John Nott, then Defence Secretary, cut the defence budget, including an obscure warship called HMS Endurance which acted as a "tripwire" against renewed Argentine attacks on the Malvinas.

A saving of \$6 million a year was at stake. But the military regime in Buenos Aires, desperate to redeem itself with its own people after the bloodthirsty and dirty war against middle class urban guerrillas, saw it as a green light to regain "lost" territory over which negotiations for shared sovereignty had stalled.

In the Commons, a motley alliance of the ex-prime minister Jim Callaghan, the ex-imperialist Julian Amery, and Dr David Owen repeatedly warned all spring of what was happening. They were ignored. When the Argentines landed on April 2 and overwhelmed the 50-strong Marine garrison, there was panic, followed by a furious debate and the resignation of Lord Carrington's Foreign Office team.

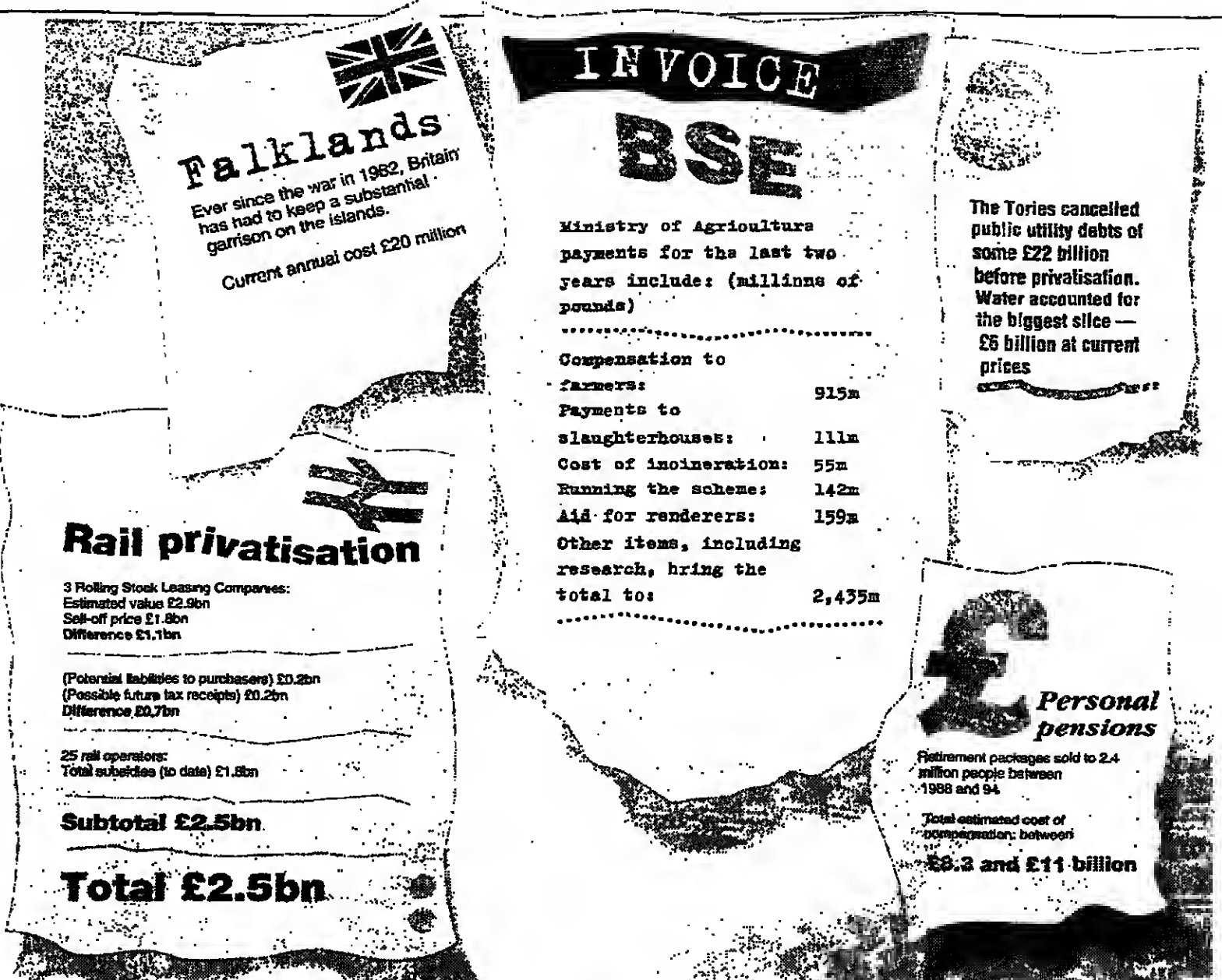
The 40,000 strong task force set sail a few days later to win a remarkable victory against the odds 8,000 miles away. It cost at least £1 billion — plus hundreds dead — and still costs some £20 million a year to maintain the garrison.

The Tories were not so lucky with the housing market. Mrs Thatcher's grand vision of a home-owning democracy, brought into being by generous tax breaks for owner occupation and the sale of council houses, was highly popular at the outset, but turned into a nightmare for thousands of victims of negative equity when boom turned to bust.

Financially, the cost to the state of selling off council houses and subsidising private-sector rents has been an explosive increase in housing benefit and council tax benefit bills — from £3.4 billion in 1979/80 to £14 billion in 1996/7(3). That's a mess that Labour will have to clear up.

But politically the free-market experiment has backfired. The call for tighter regulation of the market and the price that is still being paid resulted in last year's electoral wipe-out of the Conservatives and may keep them in opposition for some time.

Sources: (1) Ministry of Agriculture; (2) Centre for Policy Studies; The performance of privatised industries; (3) HSBC James Capel 1998 Budget guide. Graphic sources: Ministry of Agriculture, National Audit Office, OPRF annual report. Graphics: Paddy Allen. Research: Matt Keating. Larry Elliott is the Guardian's economics editor. Mark Atkinson is our economics correspondent.



Falklands: the ongoing cost of the garrison — £20 million a year

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Diary

Matthew Norman

WITH the industrial action at the Morning Star continuing, the battle between the two opposing factions heats up. The strike began, you may recall, after the paper's chief executive Mary Rosser sacked editor John Haylett, whom she wished to replace with her son-in-law Paul Corry. The North Koreans, as Miss Rosser's engagingly dynastic family are known, have since let it be known that their real reason for ousting Mr Haylett was his alleged enthusiasm for handing control of the paper over to Arthur Scargill and his Socialist Labour Party. Imagine my surprise, then, on seeing a letter from Arthur to the NUJ concerning "distortions which have been leaked to the capitalist press," in which he confirms being approached, secretly, two years ago, and sounded out about investing £250,000... but not by Mr Haylett. By Mary Rosser, and her old man Mike Hicks, then general secretary of the British Communist Party. Naughty North Koreans! The talks came to nothing, but news of them should add a little spice when the management committee meets tomorrow at a hotel in Kings Cross to discuss the strike.

DANGEROUSLY fascinating fact about Andrew Smith, whose profile we endeavour to raise in a bid to propel him into the cabinet, arrives by fax from sources close to the employment minister himself. "Andrew Smith is today visiting Harwich," it reveals, "to promote the 'new deal' to employers. He is being shown round the port and will visit the Stena HSS, where Captain Kirk is taking him on a tour of the ship. The good captain alleges that the 'beam me up Smithie'." So there we have it, humour (Jim, but not as we know it), and a nickname to boot. Where on earth will all this end?

THE special UK presidency unit of the Foreign Office has enjoyed a public relations coup. The unit's raison d'être is to make Britain look extremely cool to our friends on the continent, and this it achieved yesterday at Westminster Central Hall at the European enlargement conference: it provided no fewer than 210 places for accredited foreign journalists. The fact that 1,200 hacks — all accredited — turned up, and that the event dissolved into a fiasco, may have removed a little of the gloss; but that apart, it was a tremendous success.

ENTERING the asylum that calls itself the Spectator this week is Sandra Howard, wife of my old friend Michael. Sandra describes how life has changed since Michael left office. In the old days, she spent much of her time on the phone to his diary secretary, "exchanging views on colds..." Those hateful colds again. Sandra offers no hint as to whether they have been reduced, in frequency and virulence, by the switch to the opposition benches. We will make enquiries, and report back on this matter.

MR Philip Clarke writes in the Diary. "As you may have already heard," (now he mentions it, I think vaguely remember something on Newsnight), "Erica Kilburn has now left the company. I am writing to introduce myself as the new Advertising Manager of The Dentist and Dental Update..." I hope that we will continue dealing with your advertising in the manner you have come to expect. It seems Mr Clarke is still cutting his teeth in the new job, and we wish him the best of luck with it.

LADIES
WELCOME TO
LADIES AND
GENTlemen
YOUR PRETTY
LITTLE HEADS
ABOUT HERE.
MIL



We need another Nye Bevan to help us rid ourselves of the US yoke

Ian Aitken



FORTY-odd years ago, a speaker at a Liberal Party conference began a debate on foreign affairs by declaring: "I must be careful not say anything here today which might exacerbate the dangerous situation in Quemoy and Matsu." Only a few cynics at the press table laughed.

In case you're wondering, Quemoy and Matsu were — are — two smallish islands off the Chinese coast which the Chinese nationalists managed to hold on to after the Communist victory in 1949. Red China insisted they were theirs, and in 1954 they began a massive bombardment. It seemed possible the Americans would weigh in, leading inevitably to war.

No laughing matter, admittedly. But what made the press table snigger was the idea that the Chinese Communists were listening, let alone paying attention to anything said at a Liberal Party assembly.

And yet in retrospect I can't help feeling there was something rather splendid about that innocent speaker's pre-emptive move. It reminds us that virtually everyone in politics in those days took foreign affairs very seriously indeed.

The Labour Party was, if anything, even more concerned about foreign policy than the Liberals, sometimes almost to the point of obsession.

But what strikes me as really extraordinary about the present Labour Party — far more extraordinary than its abandonment of so many long-standing economic and social doctrines — is that its ordinary members seem to have lost interest in foreign policy. Moreover, this transformation

has not been wished on them by Tony Blair and the Blairites. It seems to be self-generated.

This phenomenon can, of course, be explained away by Britain's loss of Empire, by its loss of military pre-eminence, and by its decline as an economic power. In the past — so this argument goes — Britain's word was law, but now there is little we can do to alter world events. The role of international policeman has long since passed to the Americans.

Plausibly though it is, I do not entirely buy this argument. Looking back over Labour's history, it is difficult to claim that all those popular movements on international issues were founded on a belief that an opposition party could change events just by shouting. To use a rather churchy expression, most demonstrators are there to "hear witness". If they weren't, they would very soon go up.

So it may astonish future historians to find that almost all the great controversies which have convulsed the Labour Party since the 1920s were either directly concerned with foreign or with defence policy. Besides the campaign for colonial freedom, the pre-war years were dominated by opposition to international fascism, hostility to appeasement, rearmament, and the defence of the Spanish Republic.

Nor were these campaigns aimed exclusively at Conservatives like Chamberlain and Halifax. To its shame, the pre-war Labour leadership was almost as pusillanimous about Hitler and Mussolini as the Tory Party's guilty men. It led

to bitter battles at Labour conferences, featuring such giant figures as Aneurin Bevan and his near-namesake, Ernest Bevin.

After the war, there was surprising unanimity about the major issues of domestic policy like the health service and nationalisation. The really divisive arguments concerned foreign affairs, and with the exception of the creation of Israel, they revolved largely around the start of the cold war and the establishment of the Anglo-American alliance. They included the Peace with China movement, the Korean war defence programme, opposition to German rearmament, CND's "Ban the bomb" campaign, and especially the anti-Vietnam war demonstrations.

SO WHAT can account for the left's sudden indifference to a subject which has been so central to Labour's history? One could argue that the end of the cold war has removed a key element from the debate, with an active and noisy section of the left no longer motivated by the mistaken belief that the Soviet Union was a genuine if flawed socialist state. One could also say that the anti-Americanism which helped fuel the leftwing cause has become unsustainable now that the Soviet Union is no more.

But that demonstrably isn't the case. The unpalatable truth is that as the world's sole and unchallenged superpower, the USA can throw its weight about even more alarmingly than it did before. Until Kofi Annan stopped it in its tracks — with, it must be acknowledged, the subtle but

effective encouragement of Robin Cook — America seemed bent on hijacking the United Nations and turning it into an arm of US foreign policy. There is every justification for continued anxiety about US intentions in the Middle East, Latin America and the Far East. Yet it is the foxhunters who march nowadays, not the peaceniks. Why?

It is hard to avoid the conclusion that a major part of the answer is simply the absence of an effective spokesman. Most of the causes listed above were espoused by people of the eloquence and intellectual power of Nye Bevan, Michael Foot and Dick Crossman. And although the Bevanite movement began with Nye's resignation from the Attlee government over the relatively mundane matter of charges for tooth and specs, it was foreign and defence policy which lay at its heart. Its ultimate trigger was the unsustainable scale of the arms budget forced on the Labour government by the Americans at the time of the Korean war.

Bevan was right about that, as even Winston Churchill later acknowledged. Moreover, there is every reason to think that 50 years of over-spending on guns entirely accounts for Britain's relative economic failure since then. It is no accident that Germany and Japan have not carried an equivalent burden.

We are still spending too much on guns we don't need, thanks to our continuing attachment to the Anglo-American alliance. Yet only Tony Benn and the Scottish Labour Party — last vestiges of Old Labour in every sense of the term — seem willing to say so. We need another Nye.

Fatal attraction

Bill Buford



NEW YORK, July 17, a Monday, a taxi home. I pay the driver, open the passenger door, and step out, when, unfelt by me, my jacket — a light, exquisite linen thing (for that matter my only linen thing) — is the unhappy recipient of a large quantity of some kind of petroleum mixture: about a pint and a half of something thick and sticky and black which has dropped from scaffolding up high and landed, with a silent plop just behind my collar and eases its way slowly down my back. I discover it later by its smell.

August 5, a Tuesday. I make my way to the 24-hour deli when I feel that something has alighted on my neck like an insect, and there's a sharp burning sensation (a bite?), and as I twirl around and look up my face is enveloped by a cloud of grey dust. A cigarette butt falls down the front of my T-shirt.

AUGUST 6, a Wednesday — walking home. There's a grey blur of something unexpected, and a large white brick lands loudly on the pavement in front of me — that is, immediately in front of me — bounces violently, and comes to rest.

New York, we all know, is violent — the movies tell us so. New York, we all know, is falling apart. But neither view is entirely accurate, even though there are few cities, anywhere, which feel as dangerous or as threatening.

December 15, a Monday. Christmas shopping at Morrell's, a wine shop. The Thursday before, bricks on an office block across the way started falling and kept falling until someone figured out how to stop them (with a net). Even now, bricks are peeling off the side of the building, looking not unlike the skin of an old piece of fruit.

December 30, a Tuesday, a block away from Times Square — the very route I follow to work — a building has unexpectedly collapsed: 10 storeys, doors, windows, bathtubs, sinks, old refrigerators, tacky lighting fixtures — whoosh! and then crash!! Just like that.

Consider the violence of walking to work. For instance, this statistic last year, 116 pedestrians died in London. In New York, there were 302. The London statistic applies to that vast area from Barnet to Croydon. The New York statistic largely applies to one spot, that tiny stretch of Island called Manhattan (and mainly its bottom half) Size? An en-

larged version of the West End (with most of London packed into it). In Manhattan, you are 10 times more likely to be struck dead than in London.

September 10, a Wednesday, on Fifth Avenue, walking home. I have just come upon an unusual scene: moments before, the driver of a bus passed out of the wheel and his vehicle roared out of control, climbing on to the sidewalk and crashing through four successive blocks — screaming pedestrians, benches, a newsagent, a fire hydrant — before it comes to a rest.

November 3, a Friday. Phones from hospital, strapped to a stretcher, neck in a brace, face and hair covered with blood: the taxi she had taken to work was involved in a collision; somehow it managed to hit two ambulances (one head on, and the other as it was spinning away afterwards). The ambulances were bearing people injured from another accident. That involved three taxis.

New York, according to O Henry, is an aviary overstocked with jays — packed and overcrowded and everyone jabbering for attention. It is, according to Arthur Miller, the gullet that's swallowing the world. For the essayist HL Mencken, it is a powerful suction, a steam-engine dredge, sucking everything in it.

And who gets sucked in? Actors, and agents, and loads of people working on their first novels. Money managers, bankers, and young Wall Street thugs. Leggy models from St Louis, stunt men from Chicago, and unwashed 20-somethings with a camera dangling from their necks. And people who raised horses and know how to milk a cow.

New York is for opportunists. It doesn't look after its own: that's the deal

Every now and then, you meet a family — a father, say, a mother, sometimes the children as well, cramped in an elevator, with their dog and their playthings, looking bewildered and out of place.

November 7, a Friday. A friend phones, British. They should ban lorries she says. The streets are not big enough for them to turn. My friend is shaken. She has witnessed a fatality — the second in a month — involving a woman on a bicycle and a long lorry whose driver never saw the woman as he was turning on to the Brooklyn Bridge. There was nothing — no shouts, no sound — and afterwards there was just an enormous amount of blood.

New York is the city for opportunists. It doesn't look after its own. That's the deal: you're here at your own risk. There is no sense of civitas; there is no moral good. And that's the city's appalling, nihilistic appeal. It is the most fatally fascinating thing in America.

Death threats, police probes and grudges in the town halls

Municipal madness

Chris Bryant

THE Mayor of Hackney is a Tory; not because the people of Hackney have voted; or because the council has a convention of altering the majority between the parties; but because for the past 18 months the council has been run by a gallimaufry of Tories and Liberals, who include in their midst a large swathe of councillors who were elected under the Labour banner in 1994.

The curse of these four years has been remarkable. At meeting after meeting councillors have screamed abuse at one another. There have been accusations of corruption, of shady back-room deals, of cover-ups, of paedophilia, of fascism, of racism. One councillor had such frequent death threats he had to change his phone number. Another owed the council many thousands of pounds for rent. Yet another was investigated by the police for bousing bene-

fit fraud. Councillors have claimed they are more oppressed than anyone else; confessed that they were sexually abused in childhood; claimed each successive "Independent" report has vindicated their position and condemned the opposition. And all of this has been accompanied by a steady drizzle of abuse from the public gallery, mostly filled with ex-members of Hackney Council staff — and their grudges.

All of which is not just a miserable waste of so many otherwise sane people's time, but it has brought both Hackney, and local government itself, into a form of disrepute.

Yet Hackney needs good local government. It is one of the poorest boroughs in Europe, high on all the social ills (unemployment, mortality, crime) and low on everything that might afford people a decent chance in life: schools, good housing, primary health care.

place of enormous economic opportunity. We fringe the City of London, we have the largest artistic colony in Europe, we have a population that is fluent in most languages of the world. We have large open spaces and parks. We have a vibrant local arts economy in Shoreditch. And for

At meeting after meeting, Hackney councillors scream abuse at each other

the most part we have a community that lives well with itself as an eclectic mix of races and creeds. And prior to the 1994 elections Hackney enjoyed a period of amazing regeneration under the then leader of the council and now leader of the Labour group, John MacCafferty. Month after month, the council won new funding

(more than £1 billion in total) to tear down impersonal, cockroach-ridden tower blocks and replace them with homes which were designed with the help of the people who were going to live in them. Partnership with local tenants and residents — with businesses like Warburtons, with other public bodies, was not just a buzzword but a reality in Hackney long before it saw its way into the national manifesto. And it is a pattern Hackney should be re-establishing as soon as possible, rebuilding partnerships, re-engaging the community in local politics.

Some of what Tony Blair and the minister for local government Hilary Armstrong are now advocating — annual elections, local referendums, elected executive mayors — might have prevented what has happened in Hackney in recent years, and plans for education and health-action zones will help guarantee standards of public service

for the most vulnerable of communities, whatever shenanigans local councillors get up to.

Above all, though, the electoral system itself has to change. When you have single party states — something the first-past-the-post system has entrenched in British local politics — some people will always join a party not because they believe in its values or share its aims, but because they want a slice of the action or the budget. Only a proportional system can put an end to this and enforce a more reasoned, co-operative, open form of local democracy.

Moreover there are far too many councillors. There can be nothing more self-righteous and less productive than a meeting with 50 councillors all determined to have their say when everyone knows that each of the political groupings has made its mind up how to vote at a previous, secret, meeting. A council of 60 cannot work as a



team, nor can a majority group of 30, which is why so many political groups develop factions and cliques. The truth is that with so many councillors, nobody feels genuinely responsible for anything, whether it goes wrong or it goes right. Fewer councillors, properly supported, meeting for strategic decisions rather than ritual head-banging and engaged in building partnerships outside the Town Hall that can tackle local problems — surely that is a more constructive model than the endless stream of committees.

Doubtless the media will focus on Hackney in the run-up to the local elections in May, in an attempt to blot Blair's copybook. The truth is, though, that it is the archaic system of local government that has been brought into disrepute, not Labour.

Chris Bryant chairs the Christian Socialists and is a Hackney councillor

Guardian

Europe's new vision

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Fatal
attraction



Europe's new vision

But beware sour plums

THE EUROPEAN conference held yesterday in London was not about Turkey. Our italics reflect the emphasis placed on the point by the British hosts — to an extent where unkind minds might suspect them of pleading too much. The foreign minister for Europe, Doug Henderson, may have told our Diplomatic Editor way back last year that "joining this European conference is a plum for them (the Turkish government) which opens the way for other plums down the line". That was before the Luxembourg European Council decided that Turkey did not make the grade for starting accession negotiations for an enlarged EU, unlike the 10 central and east-European countries now on the starting line. (Cyprus is there too — and that is part of the problem). It was too bitter a plum for Turkey to swallow, but that makes no difference at all.

Yet though Ankara's ghost lurked in the shadows of yesterday's banquet, the insistence of the Prime Minister that this is a historic event may be more than compensatory rhetoric. We should acknowledge the potential appeal of an expanded Europe which, in very embryonic form, the conference symbolises. Robin Cook speaks of bridging the wealth divide which remained — indeed was accentuated — when the divisions of the cold war were finally overcome. It is impossible, he argues, for the EU to be a "fortress of wealthy countries with the poor at its gate". Such sentiments echo curiously the objections of Old Labour, many years ago, to a Europe

confined to the western part of the continent which was just a rich people's club. Labour has changed and so has the map but the essential point is still valid. If an enlarged Europe can generate real transfers of wealth to the east, it will both meet the demands of social justice and reduce the threat of conflict on Europe's periphery. The reality of Kosovo today may seem to mock these early efforts, but some form of pan-European association, which might even eventually cover all of the southern Balkans, is one way to make more Kosovos less likely. A hugely enlarged Europe could also mean the evolution of a concept of European co-operation with very different dynamics. The current British gloss of more pluralist influence for smaller nations may or may not be seriously meant, but it is certainly an ideal worth striving for.

It's fine to talk about drugs and the environment which cross the frontiers between the two halves of Europe, though next year's conference should address more directly questions of pre-accession aid. But nothing has a chance if the whole effort, due to begin on March 31, is wrecked before it starts by the interrelated problems of excluded Turkey, full-member Greece, and applicant Cyprus.

Turkey was clearly ruled out from joining the first tranche of applicants by its poor record on human rights and slow pace of political and economic reform. Yet it is important not to blur the issue by suspicions of ethnic or religious lines being drawn, or to allow Greece to exercise a veto. Ways have to be found to give more substance to relations with Turkey beyond the promised "intensification" of a customs union.

On Cyprus, the (till now lukewarm) invitation to Turkish Cypriots to join a joint negotiating team is meaningless unless

wider inter-communal problems — including Nicosia's planned missile purchase — can be successfully tackled. If it is impossible to freeze the negotiations on the admission of Cyprus, then these should be placed on the slowest possible track. Putting behind the old scars of Europe will not be achieved by deepening current wounds.

Science weak

Spending is at rock bottom

ACCORDING to the US journal Science Today, only one adult American in nine knows what a molecule is, and fewer than half understand that the Earth orbits the Sun in the course of a year. Among Americans, says Norman Augustine, head of Lockheed Martin Corporation, "indifference toward scientific understanding is considered almost a badge of honour".

But at least the Americans actually do a lot of science. On the day last year that the US Pathfinder mission landed on Mars, the UK Government announced a proposal to close the Royal Greenwich Observatory in Cambridge, which dates back to the days of Sir Isaac Newton, who more or less began planetary research.

For a while, some people believed that the institution could be saved. Last week research chiefs met to consider the observatory's fate. They decided that it should survive in name only, and that many astronomers should be made redundant to save at most a couple of million pounds a year. They took this decision on the day that the Lunar Prospector scientists announced water on the moon.

They did so as the rest of the British science community geared up for Set 98, the national week of science, engineering and

technology, which will be marked by 5,000 events and exhibitions all over the country. It will be formally opened today by John Battle, who represents a government committed to maintaining Conservative spending plans. So nobody expects Mr Battle to say anything other than platitudes about the future of science in Britain and how rewarding a career in science should be.

But government spending on science is now at its lowest point, in real terms, for 27 years. Government support for fundamental science — the fabric of the heavens, the molecules of life, the dynamics of a planet — has fallen in real value, and it has fallen compared to the levels of spending in competitor countries. Meanwhile, the newspapers and television are abuzz with the news of a predicted near-miss: an asteroid about a mile across, travelling far faster than a space rocket, could graze by the Earth in 2028. Just 323 years ago, King Charles II founded the observatory that began to turn the telescope from a toy to one of the most powerful scientific tools ever devised. Mr Battle meanwhile, is prepared to see it closed down. What kind of message is that?

Not cricket

Lords of Sexism

TWO DAYS ago we sought suggestions to a problem which continues to stand in the way of full equality of the sexes: the absence in English of a gender-neutral possessive adjective. Our item produced a welter of responses, a sample of which appeared in letters to the editor. But these last two days brought a reminder that the struggle for sexual equality remains much more than an amusing discussion of politically sound

grammar. The case of Theresa Harrild versus the England and Wales Cricket Board came as proof that, in too many quarters, the battle between men and women is still deadly serious.

Ms Harrild earned £14,000 a year as a receptionist at the ECB, where she routinely had to listen to senior male staff make "crude and derogatory remarks about women". The leading lights of women's cricket were dismissed as "dykes and lesbians", useful only to provide egalitarian cover to bring in lottery money. The creation of that kind of "hostile environment" is now seen as a defining feature of sexual harassment in the workplace.

But the men of the ECB went further — breaking every rule in the equality handbook. Ms Harrild struck up a relationship with a male colleague, eventually getting pregnant — but, as she explained to this week's industrial tribunal, her bosses found that inconvenient. They told her she could not be considered for promotion if she had children — a textbook piece of discrimination. The ECB pressured her to have an abortion, grudgingly handing her a brown envelope stuffed with £400 to pay for the operation. She says they also offered her thousands more in hush money. One last act of naked sexism was to follow — when the board finally sacked her, they said it was because of problems with her appearance.

The whole saga is yet another warning to cricket. After last month's vote by the MCC not to admit women, the sport is beginning to look like the last bastion of neanderthal misogyny. The Carlton Club set a good example on Wednesday, ending its men-only policy. Cricket has to smarten up its act lest it serve as a constant reminder that the war against women is much more than a game — even a word-game.

Letters to the Editor

A showdown and a flare-up

YOU mistakenly repeat the claim (GEC-Marconi retain disgraced politician, March 2) that in the mid-1970s I, then GEC chairman, negotiated with Jonathan Aitken the percentages of civil engineering contracts to be paid to a Saudi Arabian prince. I have never negotiated any contracts with Jonathan Aitken or contracts for the payment of percentages as "commissions" with anyone. And I was not chairman of GEC at the time, but managing director. Lord Westminster. GEC plc. London.

CAN you please reassure Jeremy Miles (Letters, March 12) that the fashion for flared trousers has been resurrected. (They have even been spotted in Marks & Spencer). Hence he should retain the contents of his trousers until they are the up-and-coming thing once again. Lynn Fotheringham. Carnforth, Lancashire.

YOUR CORRESPONDENT, P. Russell, asks what prisoner could possibly afford £275 for an independent drugs test (Letters, March 13). Just possibly the chap who drives from his prison cell to work each day in a BMW (Drug barons 'control jails', March 11). Michael Toner. Hamilton, Lanarkshire.

WE would have loved to include Ernie Wise on our comedian stamps (Letter, March 3), but since Royal Mail first introduced special stamps in the 1980s, the policy has been not to feature living people other than members of the royal family. Giles Finemore. Royal Mail Stamps, London.

Roisin: justice was done

HUGO Young's article (it was a terrible thing to release Roisin McAlissey, March 12) goes off the rails in the first paragraph. No evidence was adduced to persuade a magistrate that Ms McAlissey should be extradited to Germany. Under the 1989 Extradition Act, no evidence was required. A fellow EU state seeking extradition does not have to prove a *prima facie* case, merely that the person in the dock is the person identified in the extradition warrant and that she is suspected of an extraditable crime. The magistrates' court hearing is no more than a rubber-stamping exercise.

If Germany had been required to prove a *prima facie* case, Jack Straw would probably never have been asked to make the decision he did. Lord Archer, the former solicitor-general, has investigated the case and concluded no prosecution would have been pursued in this jurisdiction. The absence of any evidential threshold for extradition in the EU is a legal insult about which Hugo Young might properly be concerned. Nicholas R D Brown. London.

PAINSTAKING investigation in the 15 months since Roisin McAlissey's arrest,

rest, the RUC and German police did nothing to ascertain her whereabouts in the period leading up to the IRA's June 1996 mortar attack at Omagh. Nor have they shown the slightest interest in investigating compelling evidence establishing her presence in Northern Ireland on dates when the woman sought was seen in Germany. Three out of four German witnesses are positive Roisin McAlissey is not the woman they saw. A fourth hesitantly picked her out after much police prompting. He later retracted his identification. Paul May. Britain and Ireland Human Rights Centre, London.

ABOUT halfway through Roisin McAlissey's pregnancy, I and colleagues in general practice, psychiatry and obstetrics saw her at the request of her lawyers and unanimously recommended her release from Holloway jail on the grounds that her continued incarceration would endanger her health and that of her unborn child. I now regret not saying "we told you so". Prof John Davis. Cambridge.

THE real scandal of the McAlissey affair is that it has taken so long. Either we

believe that she would get a fair trial in Germany or we don't. If the latter, then there should be no extradition, if the former, the process should have been over in a month. Our system of justice is slow, inefficient and vastly over-expensive. It needs root and branch reform. A Meador. Surrey.

HAVE come to deeply resent the tone of your entire coverage of Northern Ireland, which is so biased against the Unionist community.

In an article almost devoid of any serious investigative insight (Cycle of violence, March 10), the sister of Bobby Sands — "the woman who puts the wind up Gerry Adams" — was effectively given a free two-page press release. The reality is that this person should put the wind up any decent, intelligent person. Whilst the article leads readers to think she is a positive in the search for peace, she opposes any sort of compromise or negotiation. Bernadette Sands-McKevitt represents the mentality of those on both sides of the argument who further despair to the people of Northern Ireland. Luke Simpson. Bath.

Wittgenstein's unholy alliance

DAVID McKie (Hitler and Who? March 12) seems to oppose Hitler and Wittgenstein in two diametrically opposite directions. Those who know something about Wittgenstein's personal views have long been aware that his ideas on "Jewishness" could, at times, be startlingly similar to Hitler's. "Amongst Jews," Wittgenstein wrote in 1931 in his diary, "genius" is

found only in the holy man. Even the greatest of Jewish thinkers is no more than talented (myself for instance)." His biographer Ray Monk has shown how Wittgenstein, pervaded by ambivalence about his race, was not above using crude anti-Semitic rhetoric. When considering the Jewish presence in Europe, for instance, he used the Nazi

metaphor equating Jews with a "tumour" in the body politic.

It would be ludicrous, of course, to identify Wittgenstein as some kind of secret, self-hating fascist but it is equally ludicrous not to realise that some of the leading minds of the 20th century were shaped by the same pernicious forces that shaped Hitler. Chandak Sengupta. London.



Heart of print archive ripped out

STEWART Dalby's review of the fabric of history from a century when cotton ruled supreme, Jobs & Money, March 7 of the recent Sotheby's sale of the Calico Printers' Association archive quotes the view that the value of the archive lies not in "having long since found their way into museums". This is simply not the case.

Already the premier collection of British hand-printing blocks is housed in a private collection in Milan. The recent sale saw this Bombay merchant's book, an invaluable primary source for the

study of British trade in India, also make its way to Italy.

Other losses included the book assembled by John Lightfoot, works manager of the leading Manchester printworks, recording the development in calico printing between 1821 and 1827. Other examples from the 1820s contained the work of the finest copper engravers, John Potts, Thomas Weatherly and Joseph Lockett. Philip A Bykass. Textiles Department, Manchester Metropolitan University.

No way to bowl a maiden over

WHAT is it about the "sport of gentlemen" that seems to make its participants so hostile to women? Whilst the cricketing establishment attempts to promote women's participation in the game, MCC members continue to deny female supporters the right to enter its hallowed precincts. Now the true colours of the English Cricket Board may also have been shown (Cricket board pressures women to have abortion, March 12).

Adopting a similar stance to that recently taken by Geoffrey Boycott, the ECB failed to take the crease to face serious allegations brought against them. Following the unanimous decision of an indus-

trial tribunal in favour of the applicant, Theresa Harrild, the ECB rapidly sent out a night watchman to fend off allegations of sexual discrimination by challenging the veracity of her evidence. It seems remarkable that they were willing neither to put their own case before the tribunal nor to accept the umpire's decision as final. As a result they run the risk of greatly exacerbating the damage already done to someone who was just trying to be "a good girl". Prof Lesley Doyal. David Roberts. University of Bristol.

The Country Diary can be found on Page 14.

How to run a private railway for profit and pleasure

ALTHOUGH the discussion of the punctuality of the privatised trains is welcome, we are in danger of overlooking another, equally important aspect: overcrowding due to reductions in the number of services running and shorter trains (The rail give-away, March 6). Since the train operating companies now have to lease their rolling stock, reducing train sizes and services is a very easy way to save money.

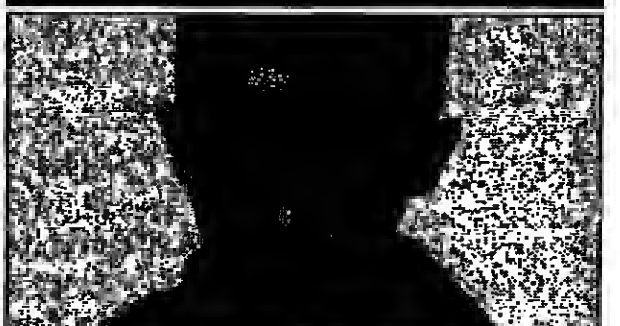
Train operators can also save money by not stopping at so many stations since they have to pay Railtrack to use the stations. It seems to me that there is a built-in incentive for train operators to save money by running fewer, shorter trains that stop at fewer stations. On the line that I use every day, this is already beginning to happen. How this will encourage more people to use public transport is hard to see. Roger Eastwood. Hitchin, Herts.

SOPHIE Tranchell's attempt to enjoy a day by rail to Brighton (Letters, March 11) revealed her as inexperienced in the ways of the privatised rail "service". No one who uses trains a great deal ever travels for pleasure on a Sunday. Only dire necessity would make them even attempt a journey. No matter what the timetable says, there is no serious, reliable rail service operating nationally or locally on a Sunday.

And to add insult to considerable injury, prior telephone inquiry about possible works on the line generally produces inaccurate advice. Val Earl. London.

We do not publish letters where only an e-mail address is supplied; please include a full postal address. We may edit letters: shorter ones are more likely to appear. We regret we cannot acknowledge those not used.

Bayushe's life chances...



These are the life chances of Bayushe and other children like her in Ethiopia:

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Having clean water to drink:	25%
Being able to go to school:	19%

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or return the coupon to: World Vision, FREEPOST MK1730, Milton Keynes, MK9 3YZ.

Please send me a Child Sponsorship information pack.

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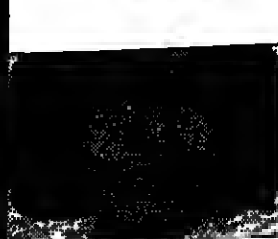
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Penises all over

Bel Littlejohn



MARCO Pierre White has one, Martyn Lewis has one, Quentin Tarantino has one. And so does Gavin Strang. Yes, it's been quite a week for the penis. Not only did Jodie Foster become pregnant without one, but The Full Monty received yet a further raft of awards from the Tinseltown money machine without ever even showing

one. Meanwhile, The Rt Hon John Prescott took his with him all the way to Hull and back on a first-class ticket in an attempt to clear up the recent scandals surrounding his good name.

This veritable avalanche of media coverage of the male organ amounts to nothing more or less than an admission that it is becoming THE symbol for the way the wind of zeitgeist is blowing. Suddenly, the penis is all over the place. Chris Woodhead has one. Richard Branson has one. President Fidel Castro has one. Peter Mandelson has one (subs, please check). All in all, penises have come of age. It's all a far cry from the days when they were buried under the carpet. Nowadays you simply can't avoid them. The New River Café Cook book contains a recipe for endive, chicory and penis salad with balsamic vinegar. The much-undervalued Lord Irvine's controversial new

William Morris wallpaper includes a recurrent penis motif on a purple-and-gold background. The Millennium Dome is set to include a Penis Zone, in which upwards of 12,000 people an hour will be fitted out in helmets as virtual reality spermatozoa and shoot their way through a larger-than-life replica of a human penis. Teen magazines for young adolescents now regularly feature Fit the Penis-to-the-Pop-Star competitions and no one blinks an eyelid. Last Thursday's (Kilroy) programme included studio interviews with eight prominent captains of industry who were prepared to openly admit to being worried about the size of their penises. Yes, the penis has finally come of age.

It all makes my days on the Women's Studies Encounter Unit at Leeds University in the early sixties seem like light years away. For the first 18 months, we barely men-

tioned the P-word, though occasionally one of us might try to imagine what one looked like, and another would sketch her idea of one: I remember making mine a sort of tree, a bit like a sycamore, with birds nesting in it. That's how ignorant we were. Only when the young Jack Straw joined our Women's Studies Encounter Group on secondment from the Campaign for Real Ale did we really get a chance to find out. My friend Liz was admitted for trauma counselling shortly afterwards.

THE seventies saw a downgrading of the importance of the penis for penetrative sex. Striking was in the penis was out. The Hite Report encouraged us to seek alternative uses for penises: novelty kitchen magnets, disposable bicycle pumps, duck-callers. My friend Sue even added some day-glo pink ma-

terial and had one turned into a miniature troll for her mantlepiece collection, sadly, one day she left it too close to the radiator and ever since then it's been a My Little Pony.

Despite the media coverage, these days fewer and fewer women are choosing to use the penis, either for leisure or procreation. Since Christmas, virtually all my kitchen nozzles have been lent out to girlfriends who want to access a baby without male interference. And male genitalia have been eradicated from modern dinner-party conversation. Yet in the late sixties, the penis was a kind of yardstick. No dinner party was complete without someone saying something like, "The war in Vietnam really freaks me out — it's been going on even longer than my partner's penis". But in the 1990s it's a conversational no-no.

Yet now, away from selected media, there seems to be what my friend Lynne has

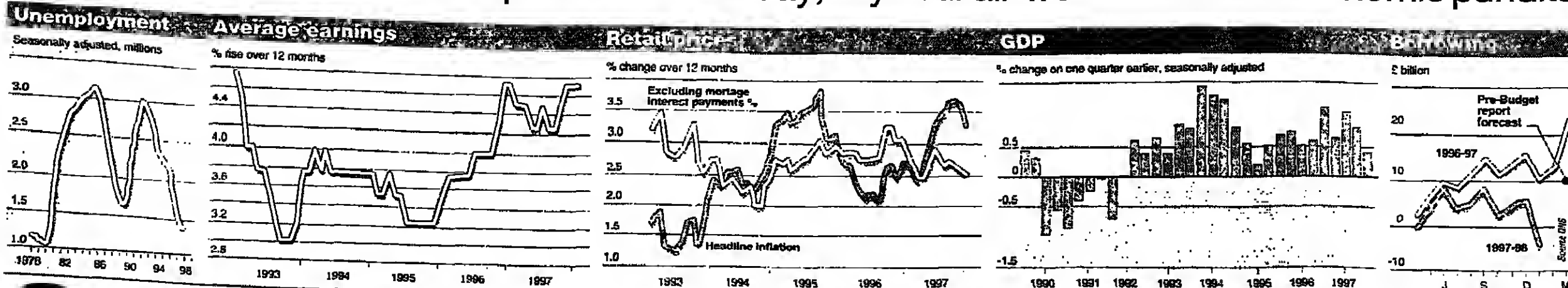
called "a conspiracy of silence around the penis". Even though statistics suggest anything up to 50 per cent of the world population own one, the penis is rarely mentioned in Parliament and you are more likely to read an anagram of it (phne, snipe, spine), even in this newspaper, than the word itself. And men are implicated in this conspiracy. When I told my current partner Don what I was going to be writing about today, he literally begged me not to put in print just how small and insignificant his was. So I won't, bless him.

Yet I still maintain an affection for the penis. The time has surely come for it to be celebrated rather than eradicated. Jodie Foster might not need one for her pregnancy; Robin Cook might refuse to exhibit his at an impromptu airport photo-opportunity; but I maintain we should Give Penis a Chance. Nuff said.

A splash of Italy over Scotland

[illegible]

Gordon Brown must shun temptation on Tuesday, says our all-women team of economic pundits



Splash out, while you can

Hope for schools and transport

A YEAR ago the UK economy was expanding too rapidly and threatening to overheat. There appeared to be little or no spare capacity. Monetary policy was too loose. Government borrowing of £22.7 billion — 3 per cent of national output — was higher than either the previous or incoming administrations were comfortable with at such an advanced stage of the economic cycle.

As a result the tightest plans for public spending growth for three decades and significant tax increases, some of which are yet to kick in, were instituted.

Since then, economic growth has slowed significantly, from an unsustainable annualised rate of more than 4 per cent in the second quarter of 1997, to under 2 per cent in the last quarter of the year. Jobs are being created at a rate of around 400,000 a year.

Assisted by further net tax increases announced in July's budget which were worth around £4 billion in full year, excluding the windfall tax — the Government appears set to under-shoot its planned borrowing requirement this year and next.

The UK economy is on track. It seems likely that the Government's goal of stabilising the size of the public debt as a share of the economy over the cycle has already been achieved. Their other goal — borrowing over the economic cycle only to finance investment, and not current consumption — is likely to be met this year.

So, can the Government safely loosen the purse strings and start spending?

Unfortunately not. We do not know with any certainty where the economy currently is in relation to its full capacity. Thus we cannot tell how much of the current fiscal position is structural and sustainable, and how much is cyclical and ephemeral.

In the boom of the late 1990s, the significant budget

surpluses that were achieved were assumed to be the result of a structural improvement in the Government's finances. Taxes were cut. But the inevitable economic downturn, together with increases in spending ahead of the 1992 election, led to the rapid deterioration, which is only now close to being rectified.

That is not to say that there is no room for increased expenditure in some areas, so long as it is largely offset by reduced spending or higher taxes elsewhere. Moreover, it would not be inappropriate to use spare cash on strictly temporary, non-recurring measures, such as spending on refurbishment of schools, or public transport or on one-off infrastructure projects.

In monetary policy, the newly independent Bank of England has much to be pleased about. With the aim of slowing the economy and bringing the inflation rate back to its 2.5 per cent target,

celerating but remains low for this point in the cycle. Annual growth is now only a little faster than the rate which, over the entire cycle, would be consistent with the inflation target. As economic growth slows, shortages in the labour market will diminish and earnings will decelerate. In the meantime, slowing demand for goods and services will make it harder for labour costs to be passed on and profit margins will have to take the strain.

Some of the medicine has come in the form of a stronger sterling exchange rate against European and, more recently, Asian currencies. This largely reflects events in Germany and elsewhere in the lead-up to EMU. In free capital markets, such movements are largely beyond the control of policymakers. Sterling's rise has made it difficult for British firms to sell goods abroad. In the final three months of last year, trade took one percentage point off the UK's quarterly growth rate.

The widening trend to monthly trade data suggests this impact is likely to increase. Moreover, export volumes have not shown the declines suggested by industry surveys and the impact of the economic problems in Asia, destination of 10 per cent of UK exports, is yet to be felt.

The Monetary Policy Committee has been right to leave interest rates unchanged and anticipates that evidence will increasingly be seen to support that decision, enabling another rate rise to be avoided. Indeed, the dangers of a sharp trade-induced slowdown mean the Bank should be supporting domestic demand to avoid pushing people into unemployment from which it is difficult to emerge.

Experience in the United States has shown the benefit of steady sustained growth in bringing marginal workers back into jobs and creating a virtuous circle of growth without inflation. In the UK this would be complemented by the proposed reforms to welfare. Rate cuts could well be on the agenda before the end of this year.

Marian Bell and Bronwyn Curtis

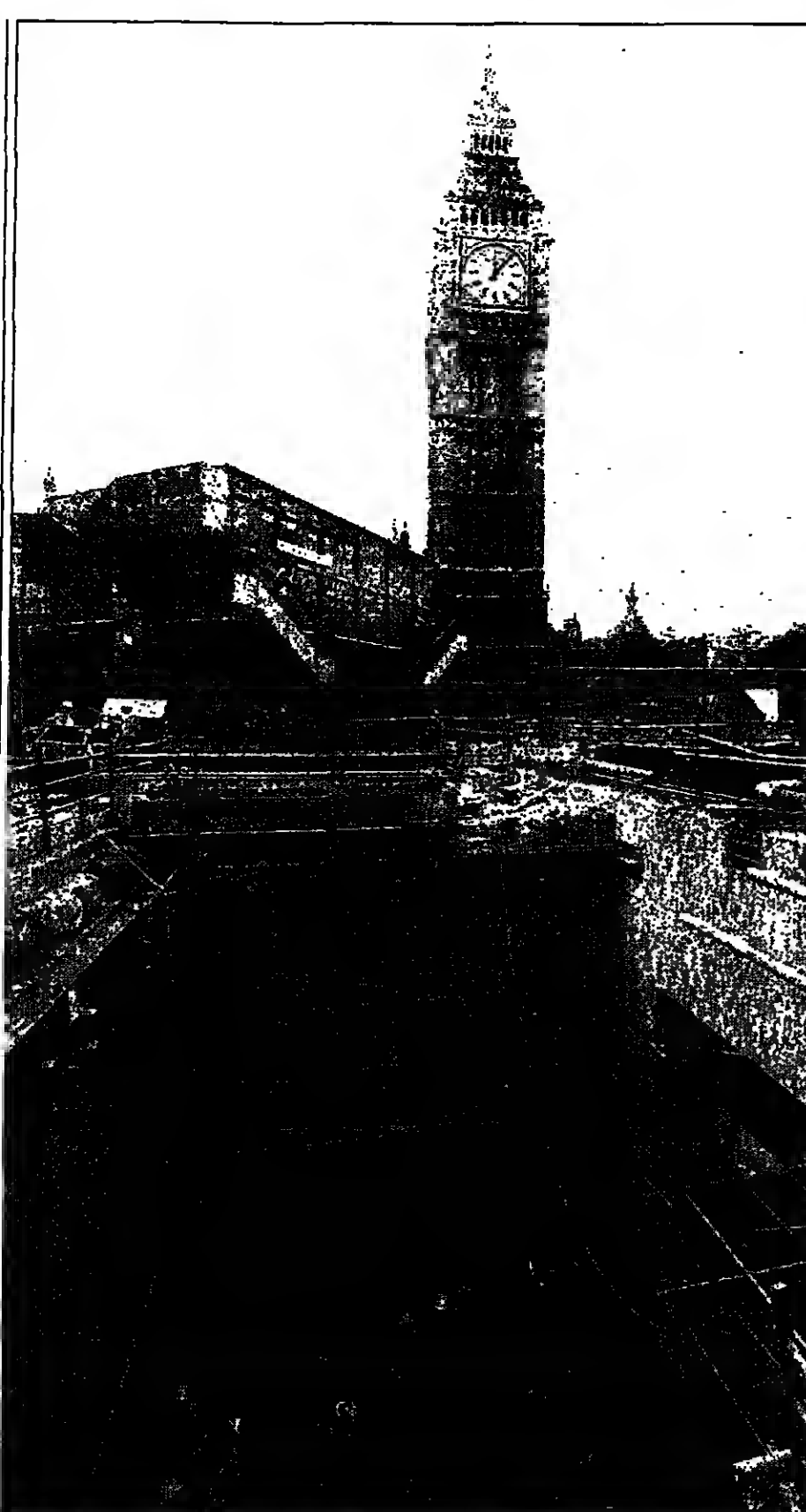
- **Jobless falling and wage pressure still low; growth now at sustainable levels**
- **£4 billion of planned taxes plus possible windfall receipts still to kick-in**
- **Government set to undershoot on annual public borrowing requirement**
- **Economy on track — but Brown must keep grip of purse-strings and resist overspend**

it has presided over four of the five quarter percentage point rises in base lending rates that have been implemented since the Government took office in May. This medicine, helped by the tighter fiscal policy, has worked. It is still working.

Growth in the money supply, which has been too rapid over the past two years, is slowing. Consumers' expenditure appears to be weakening.

As one would expect, prices and wages, which lag activity in the real economy, have been slower to react. The strength of UK consumer demand last year enabled foreign exporters and domestic retailers to maintain their prices and increase margins, instead of passing on the benefits of the strong pound to consumers. Retail price inflation, excluding mortgage interest payments, is now back at the Government's target.

Earnings growth is still ac-



Building on sound finance... Big Ben provides the backdrop to work on the Jubilee Line extension, the type of one-off spending the Chancellor can afford. PHOTOGRAPH: DAVID SILLITOE

Low-pay families likely to benefit

GORDON Brown has two main objectives for his first full Budget: ensuring that everyone is better off in work than being unemployed, and reducing family poverty. The signs are that he will deliver on both, but only in a limited way.

The centrepiece of his strategy is the new Working Families Tax Credit which will replace Family Credit, the benefit that currently tops up the pay packets of low-income families.

From what we know about the WFTC it seems he has missed a real opportunity to reform and integrate all the means-tested benefits available to people in low-paid work, including Housing Benefit and Council Tax Benefit. These benefits interact so that some families see only 4p of every additional pound that they earn.

The WFTC draws its inspiration from the Earned Income Tax Credit in the United States. After much criticism, it appears the new tax credit will not incorporate the drawbacks of the American system and will retain the positive features of Family Credit. Most important of all, it is likely to have a larger budget.

It will not disrupt the tax system by abolishing separate taxation for husbands and wives but will be awarded on the basis of a joint claim, as Family Credit is. Rather than risk employer hostility, and recognising the genuine fears about violations of employee privacy, claims will be processed by the Inland Revenue, which will tell employers how much to pay.

Families where payments go to mothers spend more on the needs of their children than those where payments go to fathers. This has also been allowed for. Families will be able to continue

receiving the credit via an order book as they do with Child Benefit. This will also help the many self-employed people who now get Family Credit, and those who would prefer their employers not to know what they are claiming.

The Chancellor also recognises that changing the administrative system is not enough. Most families are currently better off in work than not working, unless they have high child-care costs or large mortgages. The announcement of higher levels of child support for low earners should reinforce this. It is also expected to be sufficient to compensate for the loss of lone-parent benefit.

At present, high withdrawal rates mean that low earners see no real reward from working harder for longer hours. The net income of families earning £140 a week are little different from those of families earning £80 a week.

The Chancellor's intention is to improve the situation for families by keeping more of each extra pound worked, by reducing the tapers, that is the rate at which the new credit is withdrawn as earnings increase.

This means that at the extreme, instead of retaining only 4p in every extra pound they earn, they might keep around 15p. The price of these slower tapers is that more earnings scale, could be included. In any system of means testing, improving incentives to work at one part of the income distribution inevitably means that they will be reduced elsewhere. But the Chancellor's emphasis on giving priority to families on low earnings is the right one in both distributional terms, and in terms of macro-economic efficiency too.

Pamela Meadows

Tax changes to trigger a takeover frenzy

RADICAL changes in the corporate tax system by the Government are likely to spark a wave of mergers and takeovers rather than the investment in R & D and plant and equipment that Labour wants.

One of Labour's first moves was to abolish the tax credit relief on dividends, which had the effect of reducing dividend income for pension funds.

Responding to queries from the corporate sector, Labour proposed in the green budget to go one step further and abolish Advance Corporation Tax (ACT), paid on dividends.

The Government can claim that dismantling the imputation system — originally designed to prevent double taxation of dividends by giving investors a credit for the tax already paid on their behalf by companies — rids the system of an anomaly. Other European countries have already abolished it.

But it may have some unintended consequences. Until the tax changes, equities were the highest return investments for the pension funds, and an attractive form of finance for UK companies. British banks have been reluctant to lend long-term to companies and the UK corporate bond market has been moribund. As a result, the UK has the third largest stock market in the world.

However, the abolition of

ACT means that the emphasis on UK companies is now on corporate debt, where interest is still deductible against corporate tax, rather than on equity, where dividends have lost their tax relief for pension funds.

- **Plan to boost investment has misfired**
- **Cheap debt will fund rash of bids, rather than research and development**

funds. This puts pressure on companies to borrow more, particularly in the form of tradeable corporate bonds. This is happening at the same time as EMU, which opens up the prospect of a large demand from Euro-based investors for Euro-denominated debt.

This switch from equity to debt financing will lead to a rash of share repur-

chases and debt issues. UK companies will increase their relatively low debt-to-equity ratios and reduce their cost of capital. This will allow them to compete with their more highly-indebted US competitors who have been funding acquisitions of UK companies with cheap debt. It will almost certainly fuel a takeover boom — rather than investment in plant and equipment.

Pension funds will hold more debt, which earns less than equity — but some of this will be risky debt and the equity they do hold will earn higher returns given that it will form a smaller part of the corporate cake. So the average return shouldn't change much.

But the Government could find its revenue gains from the tax changes far less than expected. Instead, the corporate sector will milk the substitute tax shield for all it is worth.

Janette Rutterford

Crackdown on the car could aid environment

ONE of the real disappointments with the present government is the lack of progress on environmental issues. So far, it's been all talk and no action. Maybe there will be a policy statement in the transport green paper expected this spring, but where tax changes are needed, something should be done now.

Taxes on activities that damage the environment produce a double benefit. First, they address firms that do not face the full costs of their activities, such as the emissions from a factory chimney. Secondly, the revenue raised can be used either to reduce other taxes, which distort people's decisions about employment and expenditure, or to increase spending in some area.

The following are some suggestions for the Budget, all designed to reduce pollution by discouraging the use of cars, and for that reason likely to be unpopular. However, they should also lead to a gain in revenue of around £4 billion in 1999-2000 — enough to

reduce the basic rate of income tax by 2p, to 21p. If more of government revenues was raised from drivers, problems associated with car use — congestion, pollution, ill health from car emissions — would be reduced.

- **Make the polluters pay for damage**
- **Discourage driving by pushing up petrol prices**
- **Two-tier road fund licence to cut congestion**

Once the initial investment in a car has been made, the cost of a journey is relatively small. So it is important to discourage the ownership of cars. Then it is necessary to discourage their use, and to remove any subsidies.

Vehicle Excise Duty, currently £150 a year for all cars and light vans, might be split into two tranches. One of these could depend on the

type of car owned, the other on the post-code of the owner. The first tranche would encourage the purchase of more environmentally friendly cars. Its range might start at around £50 a year and perhaps rise as high as £400.

The second tranche might be set at around £400 a year where people live in places subject to congestion. For people in rural districts it could be lower, perhaps £50 a year.

The increase in the duty might amount to an average of about £200 and affect around 12 million cars. The extra revenue collected would be about £2 billion in a full year, after taking account of reductions for those in rural areas with environmentally friendly cars, and of the likely effect on car ownership. The more effective green taxes are at reducing pollution, the less will be the revenue.

The Chancellor might discourage people from making unnecessary car journeys by increasing excise duty on petrol and diesel by 15 per cent in real terms this year, instead of the 6 per cent real increase he has promised.

The duty on a litre of unleaded petrol is currently 40.3p, compared to a total cost of about 63.5p. The price of a litre of petrol would then rise by just over 6p a litre and, assuming a modest effect on car use, the increase in tax proceeds might amount to around another £1.5 billion.

The Guardian Economics Advisory Panel was set up in May 1993 as an alternative to the Treasury's panel of "Seven Wise Men". Consisting of six of the UK's leading female economists, the panel discusses strategic issues facing the economy rather than simply providing a range of forecasts. This ninth report examines the economic conditions that form the backdrop to Labour's first full budget.



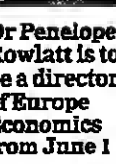
Marian Bell is head of treasury research at Royal Bank of Scotland



Bronwyn Curtis is chief economist at Nomura International



Ann Robinson heads the National Association of Pension Funds



Dr Penelope Rowlett is to be a director of Europe Economics from June 1



Janette Rutterford is an OU Business school professor



Pamela Meadows was director of the Policy Studies Institute

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FinanceGuardian

Chelsea Village in injury time

THE CHELSEA Village development failed to inspire yesterday when it unveiled pre-tax profits of £190,000 for the six months for the second half of last year, writes Simon Read.

Despite disclosing that building at the west London complex is behind schedule and that the company is incurring penalty payments from contractors James Longley & Co, chairman Ken Bates happily tucked in to fish, chips and mushy peas at his company's Fishnets restaurant which opened on Sunday.

The Chelsea Village Hotel — the centrepiece of Bates' plans — is due to have a "soft" opening on Monday, more than three months behind schedule.

The photograph, right, is from a new book, *A View From The Bridge*, with images by John Inglelew celebrating the club's fans, published by More Than Ninety Minutes Publishing at £21.95.



Blunkett grasps skills cash

Larry Elliott
Economics Editor

BRIITAIN is to receive £180 million over the next two years to kick-start its pathfinding University for Industry and help upgrade the skills of workers, David Blunkett, the Education and Employment Secretary, will announce today.

After years in which the Conservatives refused to take money from the European Union to improve training, Mr Blunkett has seized on the

offer of funds to ease bottlenecks in the labour market.

"The Conservative party's bizarre antagonism towards Europe meant that it was prepared to forgo as big a sum as £180 million," Mr Blunkett said. "But this money... is now coming back to us."

The Government sees the UFI and its Skills Task Force as vital weapons in the battle to improve the supply side of the British economy. It will be focused on employees in businesses with fewer than 250 employees and those at risk of redundancy, especially if they are unqualified.

Details of the deal struck

between Mr Blunkett and Paddy Flynn, the European commissioner for Employment, will be made public at today's first gathering of EU social affairs and education ministers in London.

The Government is eager to show that a more positive approach towards Europe can bring financial dividends, particularly at a time when extra spending is ruled out by the commitment to meet the expenditure totals laid down by Kenneth Clarke.

Brussels has long sought to make Britain part of Objective 4 of the Social Fund, which looks at ways of using

training — particularly for small and medium-sized businesses — to anticipate trends in the labour market.

Chancellor Gordon Brown gave £5 million in start-up funds to the University project — seen as the 1990s version of the Open University — last summer and a further £55 million has already been secured from a different part of the Brussels budget.

The idea for a university was first floated by Mr Brown as a way to tackle the problem of having a workforce less skilled and qualified than many international competitors. The UFI was seen as a

series of decentralised initiatives aimed at making education and training more accessible to hundreds of thousands of people in work.

Labour believes the UFI should have four priorities: to deliver skills for managers in smaller firms; to provide information technology courses for the unemployed; to increase engineering, design and practice training; and to tackle literacy problems.

Mr Blunkett said that the EU funds would support the Government's plans for Lifelong Learning announced in a green paper last month. "I

particularly welcome the opportunity to link the first UK comprehensive strategy for lifelong learning with the EU's agenda for employment. This is a tangible demonstration of the way in which the UK Government is working with the European Commission to bring the benefits of the EU to our citizens."

"In the months ahead we will be arguing that the development of the UFI, the Learning Grid and the use of interactive communication technology for learning provides a first step in the development of a 'European Skills Gateway'."

Notebook

Biotech blighted by research row



Edited by
Alex Brummer

THE unexplained circumstances surrounding the abrupt suspension of the head of British Biotech's clinical research, Andrew Millar, will be highly damaging to the company and the potentially lucrative biotech sector.

With two drugs hopefully ready for the market by the year 2001 — marimastat and sacitax — it has long been regarded as the most promising UK biotech company and is now closely watched in the US.

Investors who have put their faith in the company, despite some clinical setbacks, will be disturbed by the latest turn of events. The head of clinical research is a critical position. If as is alleged, Mr Millar has been less than complimentary about the group's management, the impression will be left that there is something fundamentally wrong.

The handling of what has happened cannot be considered ideal. British Biotech claims that it felt it necessary to go public quickly because of large overnight transaction in its shares.

Nevertheless, investigations into "alleged misconduct" and "disciplinary matters" are the kind to send shivers through the stock market, as the 18 per cent plunge in its share price shows.

Companies like British Biotech, which have never made profits, are essentially an act of faith in UK biotechnology.

and the hope that Britain will be there among the global leaders as has been the case in ethical drugs.

There might be more assurance about the possibility of its groundbreaking pancreatic drugs eventually making it to the market if the management of the company were in more secure hands. Mercury Asset management, the biggest holder with 10.6 per cent stake, might well be feeling uncomfortable. With the share price now out of the stratosphere it is not impossible that one of the more managerially mature UK players might chance its arm.

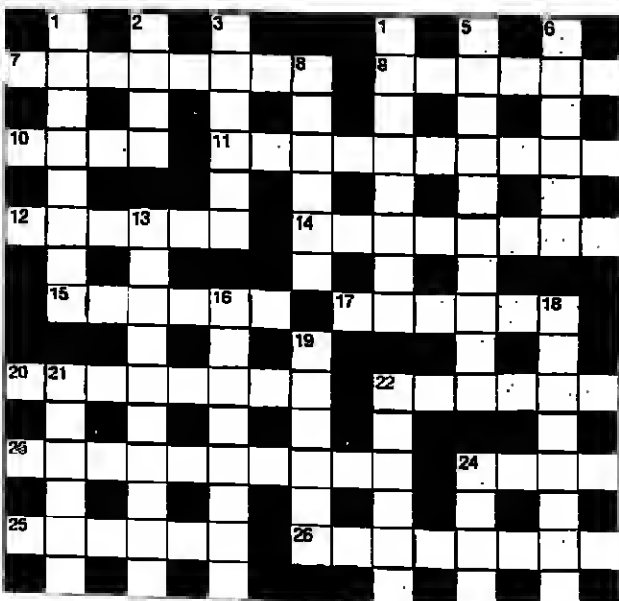
Old Lady's lead

THE determination on Threadneedle Street to ensure that the City is euro-ready by the end of the year is drawing plaudits in high places. When a Bank of England official slipped the EU President Jacques Santer a copy of its latest euro readiness, when he was recently a guest of the Corporation of London, the apparently returned to Brussels in a great state of excitement he took the City's practical endorsement of the introduction of the euro as a sign that whatever happens among the 11 countries inside the eurozone, Europe's most important financial centre will be ready to conduct all transactions in the new currency.

One area still causing some concern to the Bank teams is the asset management business. It appears to be somewhat laggardly, compared with the banks and others, in setting about adjusting its weightings, indexes and importantly in the competitive world of winning mandates — past performance tables. It may not be long before the smart fund managers will be positioning their first euro comparative tables.

Guardian Crossword No 21,221

Set by Mercury



Across

- Strive again for control (8)
- Benefit from spell with a professional first (6)
- Is back from safari a long way off (4)
- A German buyer, one helping to buy respect (10)
- Patient round about the batsman's position? (6)
- Does it in variety of impressions (8)
- Amongst performing bears (discovered hydrophobia) (6)
- Set aside, in Scandinavian money, about £1,000 (5)
- They slither along material on hats (8)
- Bill from our Royal Mail comes first (6)
- Ann fires unkempt American without bias (10)
- Share chosen for client produces a sound return (4)
- If a girl comes round, ring redhead on the beach (6)
- Long to embrace man like a bird (8)

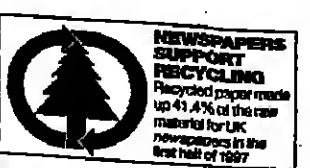
Down

- Cher takes food to traveller (6)
- Some of the best artists play a leading role (4)
- Very angry, except about a guide leader (6)

- Play at home before a grand fair (8)
- In favour of ordering us out — it is lucky (10)
- Refuse to acknowledge I'd retired before broadcast (6)
- Manage to stand up to accept award for song (6)
- Judge in a Rolls-Royce ripped back with duty list (10)
- Made bigger tip protecting liberal (8)
- Key to plant he designed to build jumbo (8)
- Rising strips one off (6)
- He got an eagle, by the way (6)
- Models taking one flowers (6)
- Gaelic poetry no chic centre provides (4)

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British welcome for overseas arms investors

Nicholas Bannister, Chief
Business Correspondent

SHARES in Britain's leading aerospace groups — Rolls-Royce and British Aerospace — jumped yesterday after the Government lifted the limit on foreign shareholdings from 29.5 per cent to 49.5 per cent.

The move, announced by industry minister John Birt, was expected to open

the way for cross-border alliances of Europe's arms firms.

Mr Birt said the higher ceiling, which the companies asked for last year, would "promote the competitiveness of these companies by increasing their freedom to operate commercially in world markets."

Individual foreign shareholders are to be limited to 15 per cent stakes. The changes have still to be approved by shareholders at their annual

meetings. European defence companies are in competition with America's recently formed big three defence combines — Boeing, Lockheed Martin and Raytheon.

Rolls-Royce shares closed 20p up at £19.25. BAE ended the day 14p higher at 2604p.

At present foreign shareholders own 27 per cent of Rolls-Royce, the jet engine manufacturer, and 29.14 per cent of BAE, Europe's largest weapons maker.

Sir Ralph Robins, the chairman of Rolls-Royce, said: "Over the past 10 years Rolls-Royce has established itself as a successful international business and one of the world's leading aero-engine companies."

"Our order book has more than tripled during this time and about three-quarters of our sales are exports, or achieved outside the UK. The proposed changes are in the interests of the company and

its shareholders and are consistent with the increasingly international nature of our businesses."

The British, French and German governments last year called on their defence industries to come up with a plan for cross-border mergers to counter the threat from the big three American groups.

However the attempts to form large European defence companies have largely fallen foul of the French who are

reluctant to lose control of any of their arms manufacturers, many of whom are still state-owned.

The private-sector British and German firms believe that all parties in a merger or alliance must be treated equally and that privatisation of the main French players is an essential prerequisite of any deal. But the present French government is opposed to selling off state-owned industries.

Record bonus for John Lewis staff

Roger Cowie

SHOP workers at Waitrose supermarkets and John Lewis department stores were yesterday handed a record bonus worth 12 weeks' pay.

Despite cautioning that this year's outlook was not as rosy as 1997's, the board decided to raise the annual bonus rate to 22 per cent of pay, up from last year's 20 per cent level.

Full-time shop floor workers, who earn about £8,000 a year, will each receive a £1,500 lump sum.

Leading stores such as Tesco and Marks & Spencer pay higher bonus rates, but the John Lewis bonus allows its staff to leapfrog their competitors. Tesco checkout staff earn £1.56 per hour, while Marks & Spencer pays from £4.16 to £5.50 — an average of

about £9,400. This year's bonus for the 37,500 John Lewis Partnership staff will cost £58 million. The bonus applies throughout the company, based on the partnership principles of the founder.

A store manager earning £25,000 will receive an extra £5,500. The chairman, Stuart Hampson, will be paid a £70,000 bonus on top of his £220,000 salary.

Mr Hampson said yesterday that the group's partnership principles were key to its success and he urged other companies to follow suit.

"A result like this depends on all-round effort," he said, while complaining that changes in last year's budget meant that the bonus would become taxable after this year.

This was the fifth year of profit growth but Mr Hampson warned that it would be difficult to repeat last year's performance.

Profit rose by 13 per cent to £153 million.

Sales from the 23 department stores grew by 11 per cent to £1.7 billion while the 117 Waitrose supermarkets pushed up sales by 9 per cent to just under £1.7 billion.

The department stores saw a 10 per cent increase in sales of carpets, a 15 per cent rise in furnishings and a 14 per cent gain in fitted kitchens, on a comparable basis.

Mr Hampson said the company was investing heavily in new stores such as those at Cribbs Causeway in Bristol, which will open next month.

Travel fiasco costs Reed £480m

Simon Berris
Media Business Editor

PUBLISHING group Reed Elsevier yesterday attempted to put a lid on a year of serious setbacks when it earmarked £480 million to sort out the fiasco in its travel division and looked to the future by committing itself to expansion despite the collapse of its £20 billion tie-up with Wolters Kluwer.

The Anglo Dutch group, which was forced to abandon the merger with Wolters on Monday for fear it would run into regulatory problems in Brussels, said it planned to repeat last year's spend of

around \$1 billion on acquisitions.

Directors denied that fear of Brussels would constrain its ability to make moves in Europe since most of its assets are in Britain.

John Mellon, an executive director, said: "The regulatory issues are much greater for Wolters Kluwer than us since they have a much higher penetration in Holland, Germany and France. I don't think we will be constrained by the authorities in making acquisitions."

Although Reed believes that a number of European family-owned publishers will come on to the market, the US is seen as a particular target

in the short-term. Already Reed is in the race to buy two specialist publishers from the Times Mirror group.

Reed is also trying to plug the black hole that opened up last year when it admitted that its travel group — including the Hotel Travel Index and the ABC World Airline guide — had for several years been misleading advertisers by overestimating circulation.

The group has allocated £230 million to compensate advertisers and to restructure the business. There is a further £250 million non-cash charge to cover an asset write down.

Investors were warned of

the crisis last September and Mr Mellon said that the compensation allowance had been set at a comfortable level.

He conceded that only about 40 per cent of the 4,000 hotel companies affected and about half the 300 airlines had so far settled, but predicted that the remainder would be cleared up within months.

News of the provision was released alongside full-year results showing pre-tax profits before exceptional items up by 2 per cent to £223 million. The results were affected by the strong pound, with currency fluctuations knocking \$66 million off the pretax figure.

Travelers' cheque for \$227m a year

MARK TRAN in New York reports on a pay package that has shaken Wall Street

THE pay package of Sanford Weill, one of Wall Street's most powerful executives, has soared to \$237.7 million.

The payout for the chief executive of financial powerhouse Travelers Group puts him almost in the same league as Walt Disney chief executive Michael Eisner, who recently earned a record \$585 million to the annoyance of some of the company's big shareholders.

Mr Weill exercised stock options worth \$220.2 million in 1997 on top of \$7.7

million in salary, bonuses and other compensation.

Mr Weill, 64, has no intention of taking early retirement to go on a spending spree. "Sandy has no intention of going anywhere," said Mary McDermott, a Travelers official. "He's having too much fun."

His gargantuan compensation package came on the back of 78 per cent climb in Travelers' share price in a year when financial companies were among Wall Street's top performers.

Travelers' share price

has continued to surge this year, up 9.5 per cent since January, despite the merger of its Smith Barney subsidiary with Salomon, an aggressive trading house. The share price of an acquirer usually takes a knock. The rise in Travelers' share price means that Mr Weill's holdings have grown by \$21 million since January.

"If you create \$27 billion in shareholder value in a year, that is shared by all the holders," said Ms McDermott.

The current haul market has meant huge payouts to executives on Wall Street. Bear Stearns last September paid out \$87 million to its top five executives, with

chairman Alan Greenberg taking home \$20 million. Chairman Daniel Tully at Merrill Lynch also made \$20 million.

The fat cat culture has aroused the ire of the AFL-CIO, the umbrella organisation of American trade unions, and has raised eyebrows even at Forbes magazine. Last year it carried the headline: "It doesn't make sense."

Mr Weill, one of the most respected executives on Wall Street, came to Travelers, then known as Commercial Credit, when it was spun off from Control Data in 1986. Previously, he was president of American Express and a principal of Shearson Lehman Brothers.



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